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TANJUG Labels UN 'Blind Follower of U.S.'

LD0305170394 Belgrade TANJUG in English 1632 GMT 3 May 94

["Pool" item; by Vjekoslav Radovic]

[Text] New York, May 3 (TANJUG)—It appears that the U.N. Protection Force in the former Yugoslavia (UNPROFOR) is allowed only to open fire, as it did recently at Kalesi and Gorazde, when 12 members of the Army of the Bosnian Serb Republic (VRS) were killed, according to news reports, but is not allowed to see what it sees and to hear what it hears, let alone to say publicly anything about it.

The above results from U.N. Secretary-General Butrus Butrus-Ghali's reply to a letter received from United States U.N. Ambassador Madeleine Albright, in which Butrus-Ghali was sharply censured for the statements made by his generals and civilian representatives in Bosnia-Herzegovina, in which the truth was told about the conflict in that former Yugoslav republic and the U.S. foreign policy was criticized.

Albright a week ago vehemently criticized Butrus-Ghali's special envoy for the former Yugoslavia Yasushi Akashi for refusing to order new air strikes against Serbs at Gorazde, a town in eastern Bosnia-Herzegovina.

There followed statements of UNPROFOR commander for Bosnia-Herzegovina, General Michael Rose and other unidentified U.N. officials who insisted that the reports from Gorazde were false, that the figures about the casualties and destruction were overinflated, and that the U.S. had nearly drawn the United Nations into a larger-scale war on the basis of incorrect assumptions.

In the latest letter to the U.N. secretary-general, Albright said she was writing to protest in the strongest possible terms the comments of U.N. officials who keep the secretary-general directly informed through Akashi.

Butrus-Ghali replied the same day to the closely-spaced two-page letter, saying he shared the U.S. ambassador's deep concern over the fact that the criticism of the U.S. policy in the former Yugoslavia by ranking UNPROFOR officials had been quoted in news reports. The U.N. secretary-general said he had sent a letter to Akashi informing him that he considered such comments totally unacceptable and requesting a thorough investigation. Butrus-Ghali said he had asked of Akashi to take all steps for such things not to happen again.

Without speculating about whether "the gentleman had backed down," as some claim, or just the opposite was true, the message is clear: UNPROFOR must keep silent and dance to the U.S. tune.

Butrus-Ghali's spokesman Joe Sills has told the press that both Akashi and General Rose continue to have the secretary-general's confidence. However, it is obvious that they do not have Washington's confidence and that whether they will keep their current posts will most likely depend on the degree of their obedience.

Sills practically quoted a part of Albright's letter when he said that the secretary-general felt it was not all right for ranking U.N. officials or peace operation personnel to criticise the policy of Western U.N. member-countries. Sills said U.N. officials in the field should use other means than the press to get the information to their superior on the east river. It is well known, however, that Butrus-Ghali has several times "misplaced" key reports about the guilt of the Muslim side in Bosnia-Herzegovina, and that he has rejected to publish the report of a commission which has investigated crimes committed by U.N. troops, primarily U.S., in Somalia.

Under the constant threat from Washington that it will cut off funds, Butrus-Ghali has decided to close the eyes and shut the ears of the UNPROFOR personnel, and has thus reduced the United Nations to a blind follower of U.S. policy. The U.S. has put a "dollar muzzle" on UNPROFOR and released the safety on their rifles. Butrus-Ghali's acquiescence with such a state leads the United Nations to an abyss in which the League of Nations had found itself prior to World War Two.

Ministry Views Serreqi-Papoulias Meeting

AU0305210794 Tirana TVSH Television Network in Albanian 1800 GMT 3 May 94

[Text] We just received a press communique from the Albanian Foreign Ministry which states: Today, 3 May 1994, the official meeting between the Albanian Foreign Ministry delegation led by Foreign Minister Alfred Serreqi and the Greek Foreign Ministry delegation led by Greek Foreign Minister Karolios Papoulias was held in Zurich, Switzerland, a meeting decided upon long ago to analyze Albanian-Greek relations following the terrorist action against a recruit training center in Peshkepi on 10 April 1994.

During the meeting, the Albanian delegation stressed that the Albanian democratic government considers Albanian-Greek relations to be very important not only at the bilateral level, but also for the whole region. It has shown goodwill for the normal and useful development of these relations on the basis of the principle of reciprocity and noninterference in each other's internal affairs.

Nevertheless, the Albanian delegation pointed out that unfortunately, we determine that we have recently been confronted with a series of incidents and provocations, but there is no precedence for the 10 April act of terrorism. The furious reactivation and conspicuous and uninhibited aggressiveness of the Vorio-Epirus chauvinist circles, the irresponsible anti-Albanian statements issued by several high-level Greek state personalities, the exploitation of certain elements of the Greek minority in Albania to achieve expansionist ambitions, the provocative interference—contrary to every diplomatic ethic—of Greek diplomats in the internal affairs of the Albanian Autocephalous Orthodox Church and the Albanian state, the absence of a serious commitment by the Greek Government to throw light on the tragic event in Peshkepi and make criminals legally responsible underscore these incidents.

The Albanian side asked the Greek Government to immediately take measures to prevent the frenzied warmongering propaganda of radio stations installed in southern Greece, Corfu, and Konjice, and publications by the Institute of Vorio-Epirus Studies in Ioanniana, which call for making territorial claims so far as to include armed intervention against Albania, as well as the measures necessary so that the terroristic acts are not repeated in the future. Its public stance should be clearly dissociated from the absurd chauvinistic claims directed toward the south of Albania.

For his part, after assessing Albanian-Greek relations to be very important, the Greek foreign minister reiterated his willingness to cooperate for a rapid normalization of bilateral relations and assented that the Greek Government will fulfill the aforementioned demand.

Concerning the investigation of the event, the Albanian side insisted that the Greek side agree to an investigation from an international unbiased commission, assessing that both sides should be interested in an objective and impartial assessment of evidence.

For his part, Mr. Papoulias objected to the Albanian side's opinion and, referring to the Ioannina meeting between the Public Order Ministries of both countries, proposed the activation of a joint commission between the relevant Public Order Ministries.

The Albanian side explained that the freeze on the execution of the decision to reduce Greek Embassy staff does not mean its non- execution and stressed that, within a reasonable deadline and in conformity with the Vienna Convention provisions, the staff of the representations of both countries will be reduced to the extent necessary for their normal functioning at the present level of relations.

During the meeting, they also discussed other aspects of Albanian-Greek relations, such as Albanian economic emigration in Greece, border administration between both countries, the presence of Albanians since earlier times, and the Cam issue in all its aspects.

The Greek foreign minister laid stress on the reactivation of the joint Albanian-Greek commission and the need to open a branch of the Greek National Bank in Tirana, and also referred to the draft agreement on seasonal employment that the Greek side has furnished to the Albanian side.

The Albanian delegation stressed that the Albanian side is studying the aforementioned issues and pointed put that the draft agreement on seasonal employment does not solve the question of legalizing the Albanian present economic emigration in Greece.

For its part, the Greek side confirmed that this draft agreement will provide the legal framework for the future, but it will also be a basis for future emigration.

In conclusion, both sides expressed the sentiment that the climate of Albanian-Greek relations has been aggravated, and all efforts should be made to create an atmosphere of bilateral confidence.

The Albanian side stressed that it does not acknowledge responsibility for the situation created in these relations and that, as always, it will be ready and willing to render, through dialogue, constructive assistance to normalize relations between Albania and Greece, which are in the interest of relations between both countries and the entire Balkan region.

U.S. Policy Toward Albania Discussed

AU0405114794 Tirana KOMBI in Albanian 26 Apr 94 p 3

[Commentary by Dr. Fatmir Zanaj: "Is U.S. Policy Toward Albania Going To Change Now That Mr. Ryerson Is Leaving Our Country?"]

[Text] The BBC Albanian Section reports that Mr. William Ryerson, the U.S. ambassador to Albania, is due to be transferred from this country to take up another post. The question arises: Will this change bring any new tone in U.S. policy toward our small Balkan country? I think there is little reason to expect any U.S. policy change in this respect. It is a policy that has been conceived in detail by specialist personnel, and there is no reason why it should be lightly changed within two or three years. What is certainly due to change in the future is Albania itself and the Albanian people, who already have changed over the past four years, together with the Albanian realities and political parties.

With the establishment of diplomatic relations between our two countries, U.S. policy in Albania immediately appeared to be a consistent anti-communist policy aimed at speeding up the changes that had already begun in the 1988-89 period. It was also a policy of establishing a system of pluralist democracy and a capitalist market economy.

With all the means at the disposal of his profession, Mr. Ryerson has contributed to the destabilization of the last communist ruling party in Albania, and did the same thing against Fatos Nano's socialists in the run-up to the 22 March 1992 elections, thus reflecting the official U.S. policy of temporary diplomatic mistrust of any democratic transformation of the reform- minded trend within the PPSH [Party of Labor of Albania] into a modern party of a social-democratic type, called afterward the PSSH [Socialist Party of Albania]. Another expression of this U.S. political stance was Ambassador Ryerson's appearances in public, side by side with the PDSH [Democratic Party of Albania], which at that time appeared to be the greatest and most determined anti-communist force in Albania.

The Albanian public today has a certain assessment of Mr. Ryerson's activities in Albania, but it is not a uniform one. Nevertheless, a considerable number of Albanians have long expressed a tendency to identify the PDSH with U.S. policy in Albania, and to identify Mr. Ryerson himself with the PDSH leaders when this party was in opposition, and also now that it is in power.

There seem to have been certain public factors—especially those related to the run-up to the 22 March 1992 elections—that prompted Albanians to reach such conclusions. The Albanians remember all too well, and they could not help mentioning several times afterward, Mr. Ryerson's declaration at a PDSH election rally in Korca, where he stated: "I wish all the socialists good health and unemployment." However, the Albanians are also wise enough to appreciate the criticism contained in a recent U.S. State Department report on human rights violations committed in this country by ruling government officials—a report in which information provided by the U.S. Embassy in Tirana played its part.

Nevertheless, the identification of Mr. Ryerson with the present PDSH leaders—whose prestige has been badly compromised because of the difficulties Albania is faced with in this transition period, and because of signs of wear and tear, incapability, and corruption in various segments of the PDSH state organs—could negatively affect the friendly feelings that Albanians have toward the great and powerful U.S. democracy and toward the United States itself. Whereas the former President Alia masterfully succeeded in appeasing the anti-U.S. sentiments instilled in the Albanians' minds for decades by the communist regime, the identification of the present U.S. ambassador in Albania with the present PDSH and its ruling, discredited elite has had the reverse impact upon the Albanians' mixed feelings. Such a thing is in the interest of neither the great United States nor little Albania. Since Mr. Baker's visit to Tirana in spring 1991, ordinary Albanians have given ample proof that they are able to appreciate their friendship with the United States.

Mr. Ryerson has made a great contribution to the process of eradicating communism from Albania. He will therefore be remembered for a long time by the Albanian people. There will be pleasant memories of him, but also bitter ones, bearing in mind the tactics used to bring the former communists to their knees. Such tactics unleashed destructive anti-communist forces that gave vent to their frustrations by burning down and destroying factories, schools, cultural centers, farms, and so on. It is yet another "dark stain" on how the overwhelmingly majority of Albanians view the Western support for the PDSH to come to power. To some extent, this also applies to how the Albanians view the U.S. ambassador of that period.

With Mr. Ryerson's departure from Albania, one chapter in the evolution of U.S. policy in Albania is closed, and the new chapter will require a new ambassador. The foreign policy analysts will not have forgotten the reaction of the Albanian population against those who implemented such a policy thus far. From now on, it will be a matter of the consolidation of U.S. influence in Albania. The Albanian policymakers have to show themselves capable of respecting and defending Albania's interests first and foremost, and then the interests of her friends, be they small or great.

Naturally, the anti-communist U.S. policy is, in essence, not going to change. From this viewpoint, one can assume that it is the right-wing parties that will be the more privileged ones. However, Mr. Ryerson's visit to the PPSH headquarters to attend its press conference on 3 April 1994, among other things of significance, is symptomatic of the official U.S. policy of also opening up toward the left-wing parties, and perhaps at the same time an indication of the end of its "cold war" against the PSSH as a "former communist" party. The fact that some former communists today are leading the PDSH and the Albanian State is encouraging in this respect. Being a pro-European party, the PSSH has strived from the very beginning, and continues striving to build all kinds of links with the United States at all levels. The Albanian socialists have eventually recognized the fact

that a pro-European policy also presumes a permanent U.S. presence in Europe and U.S. membership in a number of European political and military structures. The Albanian people are in need of powerful friends, especially those near them, but without ever refusing the friendship of those who are far off. Now that the cards on the Balkan table are being reshuffled, all Albanians, regardless of their persuasion or where they live, value their friendship with the United States as a historic chance of achieving a fair solution to their national problem.

Editorial Examines Border Killings in Kosovo

AU0305121494 Tirana RILINDJA in Albanian 30 Apr 94 p 2

[Editorial: "Extreme Solutions Intended"]

[Text] Prishtina, 29 Apr—On 24 April, Serbian forces executed near the village of Miratoc the young Naim Bajrami from the village of Llashtice [Vlastica] in Gjilan [Gnjilane] Commune. Witnesses who saw the corpse say that Naim Bajrami was killed by a single shot in the back, that his jaw was broken, and that he had facial injuries. The victim and his family had been recently wanted by the Serbian police on the pretext of a search for weapons.

A statement issued by the Party for Democratic Action in Presovo states that a delegation of this party went to the site of the murder and discovered that Naim Bajrami had been killed 2 km from the border with Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], while, at about 1000 on the same day, a Serbian soldier had fired on the minor C.M. from the village of Miratoc. It is now known that the young man wanted to leave Kosova because he and his family had been harassed for a long time by the Serbian police on the pretext of collecting weapons.

It is striking that this murder is a sequel to the torture and persecution being carried out against the Albanians in Kosova, especially in recent weeks. However, this murder has another significance. Of the five murders commited by Serbian forces in the last two months, four of them, including the most recent, have been in border areas. Two Albanian citizens were killed in the border zone of Kosova and Albania. An inhabitant of Han i Elezit [Djeneral Jankovic] was killed in the Kosova-Macedonian border zone. The most recent case, the murder of Naim Bajrami, took place in the Serbian-Macedonian border zone. These murders are a clear sign of the increased military presence of Serbian forces in Kosova's border areas with Albania and Macedonia.

The murders and the increased fortifications of the Serbian forces occurred at the time when NATO sent the Serbs an ultimatum to lift the blockade of Sarajevo and when Greece began to increase the frequency of incidents on the Greek-Albanian border. The aggressiveness of Serbian forces also increased in these areas at the time of the NATO ultimatum to lift the blockade on Gorazde and other UN-protected areas in Bosnia.

The inhabitants of Zhur [Zur], Vermice [Vrmica], and Han i Elezit have been continually mistreated by Serbian military forces in recent weeks. Belgrade has so far not made the slightest mention of the murder of Naim Bajrami, while directly blaming Albania for the murder of two Albanian citizens a few days ago at Morine near Gjakove [Djakovica], accusing Albania of being a factor of "regional instability."

It is evident that the murders of the two last months have been concentrated on border areas with the intention of sending a clear warning to the Albanians that, while they live under torture and continual punishment in Kosova, entrances and exits to this area are under strict control. It is not difficult to see that Belgrade now intends to confront the Albanians with extreme solutions, and with the dilemma of acquiescence or rebellion.

'Failure' of Serb-Run Economy in Kosovo Viewed

AU0305172994 Tirana RILINDJA in Albanian 30 Apr 94 p 2

[Commentary by Xh. Rexhepi: "Serbian Nostalgia for the (Non)Exploitation of Kosova"]

[Text] Despair over the failure to achieve a "Serbian paradise" and the rapid fall from fashion of the "Vozd" brand of perfume are now very evident not only among the Serbian leadership but in its forcibly installed regime in Kosova. The euphoria of the mass dismissals of Albanian workers, hailed as a great victory for united Serbia, was accompanied by the similarly large-scale incorporation of Kosova collectives into Serbian firms. It was realized at the time that these mergers were to the detriment of the Kosovar economy and were carried out not only out of political interests but because of narrow personal interests of certain Serbian individuals and circles. The fact that even officials of the Serbian-installed regime in Kosova have begun to talk about such damage best indicates the alarming situation.

This is why certain officials of the Serbian regime in Kosova are talking with nostalgia and are here and there even criticizing the Serbian Government, blaming it, for instance, for the massive losses suffered by Trepca in one year. Their nostalgia waxes even greater when they hark back to days of yore, when Trepca alone earned almost $100 million a year from exports of its minerals and products, when Feronikel similarly earned $100 million a year, when the Tube Factory in Ferizaj [Urosevac] earned $50-60 million on foreign markets, followed by the shock absorber factory, the wallpaper factory, and the textile and timber industries, and so on.

The tears of these Serbian officials over such hard currency sums, which under bankrupt Serbia's current circumstances are breathtaking, not only testify to the failure of their violence against the Kosovar economy, but also indicate a certain regret for the time when

Albanian workers, especially in Trepca, labored for miserable wages that were much lower than in other areas of the former Yugoslavia. The sweat of Kosovar workers was soaked up by the funds of exporting and re-exporting firms in Belgrade, while the Trepca miners and metalworkers took their pensions without roofs over their heads and with empty pockets.

However, this does not worry this regime, which is subjecting Albanian workers, like all the Albanian population in occupied Kosova, to continuous violence; what worries the regime a great deal is the lack of interest among the invited Serbian colonists to work in the mines, foundries, and factories of Trepca, in the furnaces of the power stations, in Feronikel, or elsewhere. The fact that the few experts that were brought with such a fanfare from Belgrade and other Serbian cities are now starting to run away from the "Serbian paradise" in Kosova adds to their anxiety. These experts did indeed live and earn well for a time at the expense of the reserves and funds created by the Albanian workforce, but, now that these are exhausted, they have started to go back to where they came from.

Thus the Serbian officials installed in Kosova moan and groan that the resources of Kosova are not being exploited, expecting that they can thereby explain themselves to their "patrons" and to workers whom they do not even allow to enter the factory yards, let alone the factories themselves. It seems that Avram's magic dinars, which Serbian officials swear by, will not be able to open factory gates in Kosova. As consolidation for this, the Serbian parliament this year earmarked the sum of 3,600,000 dinars for the budget of the Serbian-installed regime in Kosova (or Kosovo-Metohija, as the Kosovo-Polje-types like to call it), approving this without a single comment or amendment, not even from the delegates from Kosova. This was not because they thought the sum was enough, but apparently because they reasoned, "Why should we wear ourselves out and waste time in front of the television cameras over such a sum, which we can gain in a single day of police operations inspecting (and plundering) Albanian firms in Kosova?"

On the other hand, the Serbian Government predicts for the "Kosmet-ites" a Nis-Prishtina-Peje highway, which will be connected with Podgorica and the Adriatic coast by a tunnel underneath Cakor. The fortune-tellers say that this will rescue the Dukagjin plain from Albanization. Meanwhile, while the plum brandy glasses clink over this magnificent project, Serbian television has inaugurated another plan with a distinctive Serbian "Kasikara" perfume, which is expected to be noisily welcomed in international business circles. At least, this is what its designers claim. In order not to leave our respected readers in bewilderment, we remind them that a "kasikara" is a hand grenade, a product of the Serbian arms industry, which Serbian soldiers have used extensively in their appalling aggression against the Croats and Bosnians.

It is with this sort of marketing and logic that they want to conquer the world market, thus securing hard currency for the "Serbian paradise" in Kosova, which for the "Kosovo-Polje-types" of "Postojbina" now sleeps deep under Cakor.

Klaus on Political 'Bigamy,' Latin America

AU0305195994 Prague DENNI TELEGRAF in Czech 30 Apr 94 p 3

[Interview with Prime Minister Vaclav Klaus by Viktor Krejci in Prague; date not given: "Membership in More Than One Political Party Is, in My Opinion, a Typical Case of Bigamy"]

[Text] [Krejci] The government proposes that membership in political parties be exclusive. This means that no one can be a member of several political parties at the same time. The opposition claims that such a law would violate the Constitution and the Charter on Fundamental Rights and Freedoms. What is your view of this issue?

[Klaus] I am not an exponent of the Constitution or of the Charter on Fundamental Rights and Freedoms. However, I have the feeling that many people in our country shield themselves by their reading and interpretation of these documents. They then reach certain conclusions from which it would appear that, on the one hand, everything is possible and that, on the other, nothing at all is possible.

In my opinion, membership in two or more political parties is like a marriage with more than one spouse. This is simply a typical case of bigamy, and I do not believe it would make sense to introduce something like this into our legal code.

[Krejci] You have visited Argentina, Chile, and Brazil. What impression has this visit made on you? Could you compare the reform process in our country and Chile?

[Klaus] The strongest impression I have from this visit is one of enormous contrasts—both between the individual countries and within each state unit. We do not like it when someone views the postcommunist part of Europe as a monolithic mass. However, I must say to everyone who does not like this that we also have a priori a slightly simplified view of this part of the world.

The sociopolitical sphere also made a strong impression on me. These countries are very dissimilar, and the political situation in each is different. Argentina has a distinct and strong government led by Menem and Cabal that is undoubtedly pushing this country forward. Chile is in the post-Pinochet phase, and something like our Civic Forum governs there. No obvious positive consensus has been reached yet on the way forward. Brazil, in the political sense, is in a very unstable situation, and you will not find personalities of the Argentinian or Chilean caliber there.

As far as Chile is concerned, it is going through its own form of coming to terms with the past, which, for it, is still terribly close and within reach. While in our country the victims of communist despotism, which was far worse at the beginning, are in the 60-to-80-year-old age group, in Chile this happened 15 years ago. This means that the people affected are still young. Therefore, in this country the issue of coming to terms with the past is completely different from what it is in our country. My idea, often repeated in our country, of a rear-view mirror attracted a great deal of attention in Chile. This greatly inspired President Frey and, apparently, he will incorporate it into his speeches. General Pinochet is still commander of the Army and, therefore, is an important official. Nevertheless, in Chile they have decided to very quickly draw a thick line under the past and go on. Indeed, they have no major restitution-rehabilitation and screening problems there. The president of the Senate, who is a very affable fellow, said in this context that he was imprisoned twice under Pinochet, but this does not prevent him from going to dinner with him today. This is indeed a slightly different view from the one we have, and it is worth making the comparison.

[Krejci] The post of education minister has become vacant. What is your stance on filling this position?

[Klaus] Within the framework of the coalition, the Civic Democratic Party respects the fact that the Christian Democratic Party holds this post. As far as the candidate is concerned, I have to say that, so far, no talks have been held.

Poll: ODA, CSSD Gaining Votes From ODS

AU0305145194 Prague MLADA FRONTA DNES in Czech 2 May 94 p 2

[Article by "(jik)": "More Than One-Third of Civic Democratic Alliance Supporters Are Former Civic Democratic Party Voters"]

[Text] Prague—The Civic Democratic Alliance and the Czech Social Democratic Party [CSSD] have gained the most new supporters since the last elections, in 1992. While 5.2 percent of citizens voted for the Alliance then, it now enjoys the support of 12.7 percent of respondents, according to a poll conducted by the Center for Empirical Research. Seven percent of the electorate cast their votes for the social democrats in the elections; however, 15.7 percent of citizens would vote for them now.

The Alliance gained most of its current supporters—37 percent—from among former Civic Democratic Party [ODS] voters. Another 13 percent have transferred from the Free Democrats (Civic Movement [OH]), the Liberal Social Union, the Christian Democratic Union-Czechoslovak People's Party, the CSSD, and the Association for the Republic-Republican Party of Czechoslovakia.

Seventeen percent of those who would support the social democrats in new elections voted for the ODS last time; 15 percent voted for the Left Bloc. Some former OH and Movement for Self-Governing Democracy-Society for Moravia and Silesia voters have now decided to vote for Zeman's party.

Decision Made on Repayment of IMF Debt

LD0305165894 Prague Radiozurnal Radio Network in Czech 1600 GMT 3 May 94

[Excerpts] The economic ministers decided today to pay off part of the debt to the IMF. Editor Vladislav Kulhavy reports from the government office:

[Kulhavy] It is a sum to the value of $430 million. According to Dr. (Holman), adviser to the Czech Government, the state can afford this extraordinary repayment for 1995 in view of the high foreign currency reserves of the Czech National Bank. This extraordinary repayment of part of the debt will, at the same time, mean considerable savings. [passage omitted]

The ministers also agreed to establish two new independent customs zones, in Decin and Temelin.

Apart from that, the meeting accepted a decision to privatize Kablo Velke Mezirici in the form of a public competition and agreed with the principles for further talks on creating a free trade zone with Romania. The ministers' meeting referred the materials on apprentice training for further revision.

Economic Cooperation Planned With Iran

LD0305183094 Tehran IRNA in English 1513 GMT 3 May 94

[Text] Vienna, May 3, IRNA—Iran's minister of heavy industries, Hadi Nejad-Hoseynian, held talks in Prague Tuesday with Czech ministers of agriculture, Josef Lux, and transport, Jan Strasky.

Nejad-Hoseynian, currently in Prague for the first joint Iran-Czech economic commission, during his meeting with Lux discussed Czech Republic's production potentials and agriculture privatization.

At the end of their meeting the two sides agreed on exchange of delegations and development of bilateral agricultural cooperation.

In his talks with Strasky, the Czech minister expressed his country's readiness for further promotion of transport cooperation with Iran, and stressed the validity of 1977 transport agreement between the two states. Validity of the said agreement was also confirmed by Nejad-Hoseynian.

Czech use of Iranian roads to Central and Eastern Asia was also a matter of interest for the two sides.

Dlouhy Refutes Criticism of Customs Union

LD0305172994 Prague Radiozurnal Radio Network in Czech 1600 GMT 3 May 94

[Text] The customs union and the payment agreement with the Czech Republic were disadvantageous in many respects for Slovakia, declared Slovak Deputy Prime Minister Brigita Schmoeglerova. According to the deputy prime minister, the Czechs could not be blamed for this state of affairs. On the contrary, the blame was attached to the former Slovak Government, which was not well prepared for negotiations that led to the conclusion of the agreements.

Vladimir Dlouhy, Czech minister of industry and trade, had this to say to Czech Radio on the subject:

[Begin Dlouhy recording] I would need to know her comments in total. My opinion is, however, that the customs union is advantageous for both sides because it has opened up markets for us more than if we did not have one. I would not like to enter into a discussion about the payment agreement—which, according to press reports, was also contained in the comments made by the deputy prime minister—but, regarding the customs union, I am 100-percent certain that it is advantageous for both sides. [end recording]

Two Parties Agree To Form 'Republican Bloc'

AU0305120994 Bratislava PRAVDA in Slovak 2 May 94 p 2

[TA SR report: "Lower Salaries!"]

[Text] Bratislava—An agreement on the formation of a right-wing Republican Bloc [Republikansky blok] was signed in Bratislava on 30 April by Ivan Duris, chairman of the Republican Party, and Jozef Horvath, chairman of the Association for the Republic-Republicans. In its program, the Republican Bloc demands the resignation of former Communists from government and other state administration posts. The government should submit a realistic economic program, based on the development of unemployment, and take resolute steps to reduce crime. The program also demands that the salaries of government members and National Council of the Slovak Republic deputies be lowered.

Right-Wingers Invited To Run on KDH Ticket

AU0305132394 Bratislava SME in Slovak 2 May 94 p 2

[Article by "dos": "Right-Wing Groupings and Personalities Can Run on the Christian Democratic Movement Slate of Candidates"]

[Text] Bratislava—At its meeting on 30 April the Christian Democratic Movement [KDH] Council authorized the KDH Presidium to enter into negotiations with representatives of right-wing groupings and personalities holding similar political views about their possible participation in the fall parliamentary elections on the KDH slate of candidates. In a resolution, the KDH Council called this decision "a realistic possibility of saving society from the threat of the onset of political extremism." KDH Deputy Chairman Ivan Simko specified that the KDH regards as right-wing groupings, to which the KDH Council's decision might apply, the Democratic Party, the National Democratic Party, the Party of Entrepreneurs and Tradesmen, and representatives of the Standing Conference of the Civic Institute. The KDH Council meeting also dealt with the basic theses of the KDH election manifesto and the mechanism of compiling slates of candidates.

[On the same day, on page 4, Bratislava SME in Slovak carries a 400-word Marian Bednar commentary entitled "Challenge." The commentator views the decision of the KDH Council of 30 April as an "unprecedented shift in the KDH's own way of thinking" and a "major breakthrough" because "vague statements about the integration of the right have assumed a far more specific shape." He believes that the KDH's "specific offer" will be accepted by "the followers of Cernak and Langos," by the former in view of their poor performance in preelection polls and by the latter because of "the nonexistence, following the demise of the Civic Democratic Union, of a political entity with which they would be ready to identify."]

SDL's Weiss on Disagreement With Minister

AU0305133694 Bratislava PRAVDA in Slovak 2 May 94 p 5

[Interview with Peter Weiss, chairman of the Party of the Democratic Left, by Stefan Hrcka; place and date not given: "Discrimination in Privatization?"]

[Excerpts] At a meeting of the right-wing club in Zvolen on 27 April, Milan Janicina (National Democratic Party-New Alternative), minister for the administration and privatization of national property, said that privatization by means of so-called employee stock ownership would be applied only rarely. We asked Peter Weiss, chairman of the Party of the Democratic Left [SDL], whether this view is shared by the whole coalition.

[Weiss] I was surprised by this statement of the minister for the administration and privatization of national property, not because privatization by means of employee stock ownership is in the SDL's program but because the equality of all privatization methods is explicitly mentioned in the recent Policy Statement of the Slovak Government, which is the joint work of all coalition partners. This means that no method will be preferred or, on the other hand, suppressed. I also want to stress that the equality of privatization methods and procedures is also laid down in the valid law on large-scale privatization. [passage omitted] I would like to add that a number of decisions involving the privatization process belongs to the jurisdiction of the government as a whole and not just to that of individual ministers and ministries.

[Hrcka] In other words, no decision on excluding employee stock ownership from privatization has been made, and no discussion of this issue has taken place in the government coalition?

[Weiss] There has been no such decision. This is the personal view of the minister for the administration and privatization of national property. There are discussions in the government about the concept of privatization. This concept should be drawn up in cooperation between the Ministry for the Administration and Privatization of National Property and branch ministries. At any rate, the SDL will be pushing in the government for the equality of individual privatization methods. We will oppose administrative decisions made in advance, without an analysis of the situation of individual enterprises earmarked for privatization and without an evaluation of the quality of individual privatization projects, determining how many billions worth of property will be privatized by this or that method and, above all, decisions made in advance about which contenders or methods have better or poorer chances of being successful. After all, this is exactly what we criticized about the previous government.

Meciar's Mother Fears for Son's Life

94CH0231A Bratislava PRAVDA in Slovak 26 Mar 94 p 5

[Article by Vladimir Jancura: "Conversation With Anna Meciarova"]

[Text] Ladomerska Vieska, a hamlet in the shadow of Ziar nad Hronom and a mammoth aluminium works. The birthplace of the former prime minister and chairman of the Movement for a Democratic Slovakia [HZDS]. The last time I visited the house on the hill was two years ago. It was the same kind of time—early spring and before elections. Anna Meciarova was already 75 years old, but she had a lively interest in politics and was downright sparkling with humor—earthy, folksy, working-class humor. After all, she worked for 30 years in the Ziar factory, most of the time in the oxidization section. In the past two years, she has become stooped and sad. "Since Vlado was removed as prime minister," she says, "I have not watched television or read the newspapers." Last fall, her youngest son, Jaroslav, died unexpectedly of a fatal disease. He was only 38 years old. When we met for the last time, he was in charge of the basic SDL [Party of the Democratic Left] organization in their community. "There are only six of us here, but all are young people," he told me. I do not believe a rightist and a leftist could not get on together," he insisted even then, two years ago. "Only two idiots are incapable of coexistence." It appears that time is beginning to prove him right.

Anna Meciarova is not hiding her fear that she could lose her oldest son as well. "His enemies want to finish Vlado off," she repeats. As a mother, she does not believe one word of the accusations cast on her son in the parliament. "I brought up all of my sons equally well, and I love them all equally," she reminisces. "We had a hard life. My husband was a tailor, and I was training to be a seamstress, but, at the beginning of the 1950's, they took away our business, took away our land, and designated us exploiters. Moreover, my husband was disabled and so was able to work only as a policeman. I worked in shifts—seven morning, seven afternoon, and seven night shifts. My husband also worked nights. Therefore, our children were often left to manage on their own and did not have much opportunity to enjoy parental love. Vlado was the oldest and therefore had to take care of his three brothers. When he graduated from high school, we sent him to study metallurgy in Kosice. But the local national committee gave him a bad evaluation—son of a small businessman. After five months, he had to come back home...." When did he last visit his family home?

"Two weeks ago. He placed flowers on the graves of his father and brother. They lie next to each other...."

Tears well up in Mother Meciarova's eyes, but she fights them back and changes the subject. She has recently recovered from a bad accident and is still hurting all over. Her daughter-in-law Mariena, Jaroslav's widow, takes care of her. When she leaves for work in the morning, she locks the gate—today one can never be sure.

In that two-year-old picture, A. Meciarova is standing in the garden behind their house, next to the cross with two arms that they put up in 1943 in honor of the Slovak Republic. Almost 50 years later, in Bratislava, she participated in celebrating the birth of the second Slovak Republic. "At that time, they applauded Vlado with cries of hosanna, and today they want to crucify him? That can't be true." In parting she says: "Tell them in Bratislava that our people continue to believe in Vlado."

Readiness To Discuss Danube Water Regime Noted

AU0305121194 Bratislava SLOVENSKY DENNIK in Slovak 29 Apr 94 p 2

[Article by "SD-r": "We Are Ready To Negotiate"]

[Text] Bratislava—On 27 April 1994 the Ministry of Foreign Affairs of the Slovak Republic handed a note to the Hungarian side, through the Embassy of the Hungarian Republic in Bratislava, in reply to the Hungarian Republic's note of 14 April 1994. The note reaffirms the Slovak Republic's readiness to negotiate with the Hungarian side on establishing a temporary water regime on the Danube. The Ministry stresses that the talks should start as soon as possible and that no preliminary conditions should be set before them.

Environmental Official on Bos Dam Controversy

AU0405073494 Budapest PESTI HIRLAP in Hungarian 3 May 94 p 9

[Interview with Erno Rozsa, chairman of the Environmental Protection Committee of the Slovak parliament, by Peter Andor Balazs; place and date not given]

[Text] [Balazs] You are the chairman of the Environmental Protection Committee of the Slovak parliament. What is your opinion about Mr. Binder's generous declaration, according to which he would gladly pump water into the Szigetkoz area?

[Rozsa] Mr. Binder also made such spectacular declarations before, as if he could solve the problem. These proposals would only be a patchwork because they do not change the basic problems. The basic problem is that, if the two states recognize the fact that the Danube is a border river, they have to also jointly bear its blessings, consequences, and threats. It is impossible to divide water; it is only possible to do something in this direction if one of the sides gives up his share by common agreement. When Julius Binder made his proposals, he did so for the benefit of the common property, but even if his plan succeeded, it would only be a sham solution.

[Balazs] The Bos-Nagymaros issue disturbs Hungarian-Slovak relations considerably. However, the Hungarian Green Party is urging the construction of the power stations at Dunakiliti and Nagymaros. What is your

opinion of this, as chairman of the Environmental Protection Committee and a member of the Coexistence Movement?

[Rozsa] The recognition of differences is one of the major principles of Coexistence. A given country is trying to make use of this within its legal system for the benefit of the recognition of national minorities. Therefore, allow me not to interfere in the party struggles and the party concepts of another country. We will only get the guarantee of national minority recognition if we find the proper tone with the government at the given time and the given moment. If I speak about any of the political parties in Hungary, I will reopen the alleged or real wounds that threaten the constitutional guarantees of recognition of the ethnic Hungarians living here because we would again be accused of looking at Hungary and being led by Hungary. We could achieve results in the current political situation by not mentioning the facts and events outside the country. We are now preparing a law according to which large-scale projects cannot be carried out without the opinion of the public. The Slovak and Hungarian citizens living in the proximity of the dams should be the ones to express their opinions about the construction projects at Dunakiliti and Nagymaros, and, according to these opinions, one could say whether the project is good or bad. I detect a slight lack of responsibility in the fact that the Hungarian Green Party made declarations without being aware of these opinions.

[Balazs] What are the harmful environmental effects of the Bos power station on the Csallokoz area?

[Rozsa] Opinions differ on the level of the ground water at Csallokoz. Some people say that the level has increased; others say it has decreased. It is impossible to find this out in such a short time.

[Balazs] Do you find it unfair that, while the drinking water of 47,000 people in the Szigetkoz area is endangered, no noticeable damage whatsoever has emerged at the Csallokoz?

[Rozsa] We warned the Hungarians in time that the Slovaks would carry out the C version of the power station. You did not believe us at the time. The Slovak leadership made an issue of prestige out of this and mobilized all of its power to carry out this plan. With the construction of the power station at Dunakiliti, the distribution of water would have been in the Hungarians' hands. But the Hungarians rejected the idea and thus are now at the mercy of the Slovak side.

[Balazs] What chances of a joint solution do you see in the current situation?

[Rozsa] The basic concept of a broad coalition on this issue is that we must settle the conflict with our neighbors. We must negotiate. You must understand that our broad coalition is so diverse that it will be difficult to carry out this process. It is not easy for the right and the left to come to a consensus. The solution can only be found in something similar to what was recently said in Prague, with the participation of the environmental protection committees of nine Central European countries. National parks should be set up in natural areas divided by borders, and the affected countries would share the responsibility for them.

Minister Views Second Wave of Privatization

AU0305201894

[Editorial Report] Bratislava HOSPODARSKE NOVINY in Slovak on 28 and 29 April carries two installments, both of which are on pages 1 and 3, 1,100 and 700 words, respectively, of an interview with Slovak Privatization Minister Milan Janicina by Peter Visvader on the second round of coupon privatization. The place and date of the interview are not given. The latter edition of HOSPODARSKE NOVINY also publishes, on page 2, a 350-word TA SR report on a news conference on the second wave of privatization given by the same Privatization Minister Janicina in Bratislava on 28 March.

In the first installment of the interview, Janicina speaks about the "successful launching of coupon privatization being the number-one priority"; he goes on to say that "on 2 May, we move to Senec, where we are going to prepare privatization so that the list of enterprises offered in the second round can be published on 22 August. We expect the beginning of citizens and privatization funds registration on 1 September 1994. Before the end of our term of office, we intend to reach an irreversible stage in the launching of coupon privatization, regardless of election results." The most important thing to guarantee a smooth privatization process is uncequivocally, according to Janicina, "the precise processing of property-related legal documentation for the privatized enterprises." Asked about the criticism that coupon privatization does not provide the funds needed for developing the enterprises, the minister says that, "even within the framework of coupon privatization, it is possible to obtain capital by setting aside a part of the enterprise property for a direct sale." Furthermore, he argues, constant delays prevent the completion of individual projects of so-called wild privatization, and, in the process, they do not generate any capital, either. When the interviewer observes that the government has canceled 13 decisions made by its predecessor, "all of them projects within the framework of so-called wild privatization," and asks whether this trend is to continue, Janicina replies that "there were problems with privatization even earlier, but they became throughly obvious on 14 February." On the other hand, the minister says, "because of the great amount of work and the limited capacity of the ministry, I would not want to concentrate on checking all projects. We want to do some positive work." The strategic enterprises—arms industry, power generation, etc.—pose a problem because of the need to guarantee the strategic intentions of the state. So far, a permanent participation of the National Property Fund was considered the solution. According to Janicina, however, "the strategic interests

of the state must be clearly identified, the manner of their implementation formulated, and the statutes of the specific companies adjusted according to the needs. If that is accomplished, the strategic intentions can be realized even with a minority participation of the fund, and the majority can be offered in coupon privatization."

The second installment of the interview opens with a question concerning Janicina's opinion on employee stockholding companies. The minister first notes that the law does not define anything like that, then continues to say that he does not claim bad intentions in all such companies but that the experience he made in this respect is not good. He illustrates this point by quoting letters from workers at such enterprises who believe it better "to sell the company to foreign capital than to leave it to the comrades who are still in the company management." After all, "these companies are usually founded with a 50-percent stake going to three- or four-member management and 50 percent to all other employees." The assessment of the first round of privatization identified numerous problems. Nevertheless, Janicina says that, "because of the government's limited time in office, a change of laws is not feasible. We will influence the legislation by government directives." The interview concludes with Janicina addressing a major problem of Slovak privatization—namely, that "the book value of the enterprises is very high, while the market price is relatively low, and the price offered by foreign investors is frequently even lower. That is the reason standard privatization methods are so slow." The difference in prices is dealt with in lengthy talks. Janicina says he would be glad "if at least three or four sales to foreign investors could be realized before his term in office expires."

Bratislava HOSPODARSKE NOVINY on 29 April carries a TA SR report on news conference given by Janicina in Bratislava on 28 March. Here, Janicina says that he, together with the ministers of the founding sectors, is to prepare "the list of the state enterprises, the property of which is to be offered in the second wave of privatization, by 20 May. The schedule and rules for coupon privatization are to be detailed by 10 May." Janicina promises to exert every effort so that "the value of property offered amounts to at least 80 billion Slovak korunas." At the same time, he says, "if I remain minister, under no circumstances will I support, and will, in fact, do everything in my power against, direct sales to prearranged owners such as fellow party members." The ministers states, however, that a direct sale to a prearranged owner could still possibly take place if "a foreign investor with a good reputation appears on the scene with an offer interesting to Slovakia." State Secretary Palacka calls the phrase (direct sale to prearranged owner) unfortunate and emphasizes that "all projects will be published, and counterproposals can always be submitted. One of these projects is then selected, so there is always a certain amount of competition."

Government Requesting $350-Million IMF Loan

94CH0232C Prague HOSPODARSKE NOVINY in Czech 29 Mar 94 p 4

[Report by unnamed Bratislava correpondent: "Slovak Republic Wants $350 Million From IMF"]

[Text] Bratislava—The Slovak Government will try to obtain a so-called standby loan from the IMF in the amount of $350 million, even though the restrictive measures in the form of the loan conditions will hit the public before the parliamentary elections in the fall and will obviously affect the prospects of the government parties. This was announced yesterday in Bratislava by Prime Minister Jozef Moravcik. The prime minister also confirmed that the condition for obtaining the IMF loan is to keep the deficit of the state budget under 4 percent of the GDP.

Economic Decline Reported Slowing Down

94CH0232B Prague HOSPODARSKE NOVINY in Czech 29 Mar 94 p 4

[Article by unnamed Bratislava correspondent: "Close of Last Year Confirms Decline Is Slowing Down"]

[Text] Bratislava—Some macroeconomic indicators of the Slovak Republic [SR] at the close of last year show that the dynamic of the economic decline is slowing down. According to the monetary analysis of the Slovak National Bank [SNB] with preliminary data for December 1993, the GDP, which in the first and second quarters of 1993 reduced its lag behind the comparable periods in 1992 from 5.5 percent to 5 percent, cut this difference in the third quarter to 4.3 percent and in the last quarter to 4.1 percent. Of the total yearly inflation of 25.1 percent, the largest portion—more than two-fifths—originated in the first quarter (11.7 percent), whereas, in the last three months, only one-eighth did (monthly values declined from 1.4 percent to 0.6 percent).

Semiannual comparisons of quarterly and monthly values of industrial production showed a slowing down of the decline from 16.6 percent in the first quarter to 13.5 percent in the third quarter, and to 12.6 percent in October, 8.8 percent in November, and 7.9 percent in December.

In the course of the year, unemployment has been increasing roughly by 0.5 percent per quarter. The balance of foreign trade went from a surplus of hundreds of millions of Slovak korunas [Sk] to a deficit of billions, while turnover increased (Sk66.3 billion in the first quarter, 85.4 billion in the second, 100.7 billion in the third, and 67.7 billion in October and November).

Foreign currency reserves of the banking system doubled to $1.4 billion, while the NSB reserves increased from 0.2 to 0.5 billion. Gross foreign debt kept growing until the third quarter (from $2.4 to $3 billion) but has remained steady since then.

The deficit of the state budget deepened especially in the first quarter (debit balance Sk11 billion) and last month (difference of 7 billion), and during 1993 registered a total of Sk23 billion. The total debt of the government (excluding foreign loans) thus approached Sk60 billion toward the end of the year.

Finance Minister Rejects 'Third Way' Economics

94CH0232A Prague HOSPODARSKE NOVINY in Czech 29 Mar 94 p 4

[Interview with Slovak Minister of Finance Rudolf Filkus by Oldrich Zabojnik; place and date not given: "R. Filkus: A Third Way Not Considered"]

[Text] In Moravcik's government, there are a number of officials who are not too well known even to the Slovak public. That is not true of the Slovak Republic [SR] finance minister, the well-known Slovak macroeconomist Rudolf Filkus, who granted an interview to the Bratislava correspondent of HOSPODARSKE NOVINY.

[Zabojnik] What will be the basic objective of your work as finance minister?

[Filkus] We have to make an effort to achieve macroeconomic as well as microeconomic stability. We want to continue with the steps that have already been taken, and we shall not think any more about whether we should use some different third way to reach market conditions. We have already gone through the liberalization of trade and prices, the internal convertibility of the currency, privatization, as well as a tight macroeconomic budget and monetary policy. In view of the conditions that are thus being created, we shall continue on this road.

[Zabojnik] How, specifically, in monetary policy, for instance?

[Filkus] The minister of finance should not talk about what monetary policy should be. That is a matter for the Slovak National Bank [NBS], and nobody should interfere in it. It is up to the NBS to choose the steps according to its criteria, foreign currency reserves, inflation, or the budget deficit. Naturally, there can be mutual consultations and joint deliberations about what to do next but only to the extent that, as the finance minister, I must help find solutions when there is a budget deficit to prevent the process of inflation from deepening. What I have in mind is the interlinkage of banking, monetary, and economic instruments.

[Zabojnik] Which part of the SR economy appears to you to be the most problematic?

[Filkus] The greatest risks exist now in the economic microsphere, which does not live off its output but is consuming capital. This is directly connected with insolvency, but especially with privatization, not only from the standpoint of its acceleration but also its depolitization. This important instrument of the transformation process has become here an instrument for the concentration of political power.

[Zabojnik] You were not enthusiastic about the structure of this year's SR budget even at the time you were in the opposition. How will you specifically apply your views when, as finance minister, you are contemplating the amendment of the law on the state budget? I would be particularly interested in how you intend to handle its expenditure component.

[Filkus] Many before us, when they wanted to achieve a certain balance in the budget, took the approach of using the so-called salami method to keep slicing off expenditures. For the minister and his department, it must also be of special importance and interest by what channels the revenues should flow in, not just keep cutting expenditures. I must therefore also be interested in taxes and custom duties, where there is enormous unused potential in control.

[Zabojnik] You are therefore indirectly in agreement with the statement of your predecessor, who said that you cannot squeeze blood out of a turnip?

[Filkus] Well, all right, but today we have a number of disadvantaged branches, such as education, health care, and culture, and we cannot afford to cut any more from the outlays scheduled for them.

[Zabojnik] Can this government, considering Slovakia's objective possibilities, proceed differently in its relations with the Czech Republic than Meciar did?

[Filkus] First of all, we have to come to an agreement so that we talk about common interests—in the matter of certificates, customs union, or clearing blocs. We must meet each other halfway. For example, in the case of the customs union, we must start with the idea that it is advantageous for both, but we must also notice who is at greater disadvantage. As far as certificates are concerned, we took the step on our part that allows for keeping in force the agreement on mutual recognition of Czech and Slovak documents, which will prevent the creation of the situation on the border that we had before. We also unequivocally agreed that it is necessary to abolish the old bloc, which, however, is also up to the parliament.

Trade With Czech Republic Examined

AU0305121294 Bratislava PRAVDA in Slovak 2 May 94 p 2

[TA SR report: "Trade With Czech Republic; We Import Food and Export Metallurgical and Engineering Products"]

[Text] Bratislava—In the first two months of this year, Slovakia achieved a surplus of 830 million korunas [Sk] in trade with the Czech Republic [CR]. This transpires

from data the Slovak Statistical Office published in late April. According to this data, the CR remains Slovakia's key trading partner. Slovakia exports to the CR 37.6 percent of all of its total export volume and obtains from the CR 30.4 percent of its imports. Compared with the same period last year, Slovak exports to the CR declined 2.2 percent, while imports went up 14.7 percent.

Apart from some food and agricultural products, such as cheese, wheat, corn, sweets, chocolate, bakery products, wine, and fruit juice, the CR purchases in Slovakia chiefly chemical products—mineral oils, gasoline, mineral fertilizers, paints and varnishes, herbicides, plastic goods, tires, and hides. Products of the consumer goods industry that the CR purchases in Slovakia include bathtubs, showers, washbasins, beef hides, wooden pallets and wood, combed and carded cotton, and all kinds of bottles, flasks, and demijohns.

Metallurgical, engineering, and electrical engineering products—rolled iron and steel products, wire, generators, pumps, excavators, bulldozers, lathes, forming machines, ball bearings, and tractors—represent an important part of Slovak exports to the CR. Important Slovak export commodities include, furthermore, refrigerators and freezers, washing machines, television sets, forklift trucks, and transformers.

Slovak imports consisted mainly of food—cream, fermented milk, yogurt, fats, sugar, salami and sausages, sweets, and bakery products. Slovakia imports from the CR, furthermore, coal, briquettes and coke, gasoline, mineral oils, pharmaceuticals, cosmetics, plastic products, rubber, tires, and newsprint. Dominant among engineering and metallurgical imports are intermediary and rolled iron and steel products, piston engines, turbines, pumps, industrial furnaces, and machinery for the food industry.

Schmognerova on Moscow Debt Settlement Talks

AU0305145094 Bratislava SLOVENSKY DENNIK in Slovak 2 May 94 p 1

[Interview with Deputy Prime Minister Brigita Schmognerova by Anna Vargova; place and date not given: "Instead of Oil and Gas, They Offer Dollars—But With Some Delay"]

[Text] [Vargova] You have just returned from Russia, where you discussed the repayment of their debt toward the Slovak Republic. In what kind of goods, apart from special equipment [euphemism for arms], oil, and gas, are we interested?

[Schmognerova] The Russian side actually does not even want to discuss the repayment of the debt with oil and gas deliveries. It wants to repay the greatest possible part in dollars and, thereby, actually defer payments. The other possibility is repayment in kind. This applies to some products for the defense department, but also other products, a list of which we will prepare and send to the Russian Government. Part of the debt could also be covered by deliveries for the completion of the Mochovce nuclear power station.

[Vargova] The third possibility is to swap debt for equity [kapitalizacia dluhu]. Has a decision been made about companies Slovak capital might have a stake in?

[Schmognerova] The next phase of privatization will start in Russia on 1 July. This time, it will be privatization through auctions, tenders, and sale on the capital market. What complicates our position is the steadily declining offer of enterprises and the absence of legislation on the Russian side that would make it possible for us to enter Russian companies. Here, too, we will send them a list of companies, in which the Slovaks would be interested. We have agreed on one pilot company where this method will be tested.

[Vargova] Russia has not yet resolved the financing of the Yamal gas pipeline across our territory. I assume that this issue was also raised during your talks....

[Schmognerova] We asked Deputy Prime Minister Y. Yarov if the Russian Government could speed up the decision on whether the gas pipeline will lead across the Slovak Republic as well. As soon as this decision is made, we can start talks on ways of financing the project. I suppose the Russian Government will be interested in taking part in financing the project. We will seek foreign investors.

[Vargova] Is there a chance of arriving at specific agreements by the end of September?

[Schmognerova] Definitely. The signing of an agreement on the prevention of double taxation and of an intergovernmental treaty on cooperation in the sphere of nuclear energy will be the first steps. The two countries' experts will work on preparing an agreement on the defrayal of Russia's debts toward the Slovak Republic.

Minister Says Import Surcharge May Be Waived

AU0305202194 Prague HOSPODARSKE NOVINY in Czech 2 May 94 p 4

[Interview with Slovak Economy Minister Peter Magvasi by Jana Francikova; place and date not given: "The Slovak Republic Is Prepared To Abolish the Surcharge"]

[Text] On the occasion of the signing of a supplementary protocol to the Central European Free Trade Agreement by the Czech Republic, Slovakia, Poland, and Hungary [in Budapest on 29 April], Peter Magvasi, minister of economy of the Slovak Republic, declared that "Slovakia has an extraordinary interest in the speedy liberalization of trade." HOSPODARSKE NOVINY asked him in this context:

[Francikova] How does your statement tally with some of the nonliberal measures that Slovakia recently introduced against the Czech Republic?

[Magvasi] As far as the import surcharge is concerned, we introduced it because our economic situation at the beginning of the year made it necessary. We realize that it is not a liberal measure. The development [of the trade balance] has markedly improved, however, and, if this trend continues, we are ready to abolish the import surcharge by 26 June of this year. At that time, we will be conducting talks on it in the GATT Secretariat in Brussels.

[Francikova] Do you consider fair, in this context, the introduction of certificates for imports of food from the Czech Republic? Slovak customs officials have been demanding these certificates as of 1 May.

[Magvasi] I insist that the certificates are not an economic measure. We are concerned about the protection of consumers and, at the same time, about improving trade between our two republics. We did not violate the GATT rules, which demand that measures of this kind be announced some time before their introduction. We announced our intention at the beginning of the year, in the law on the state budget.

[Francikova] Is it realistic to expect that a treaty on the mutual recognition of certificates between the Czech Republic and the Slovak Republic will eventually be signed?

[Magvasi] We have succeeded in concluding a treaty on the mutual recognition of attestations issued by Czech and Slovak testing laboratories. According to the European norm, certificates are issued by national bodies of accreditation [akreditacni organy]. At the last meeting of the Customs Union Council, it was noted that the mutual recognition of certificates is conditional on changes to some laws. In a situation in which certificates are confirmed by bodies of accreditation, it is pointless to change any laws.

[Francikova] In other words, you no longer envision the signing of a treaty on the complete recognition of certificates.

[Magvasi] Time will tell.

Horn Outlines MSZP's Policy, Aims

AU0305143694 Prague MLADA FRONTA DNES in Czech 2 May 94 p 9

[Interview with Hungarian Socialist Party Chairman Gyula Horn by Jozef Uram in Budapest; date not given: "For Horn, There Is No Alternative to the Pro-Western Orientation"]

[Text] Budapest—The opinion polls in Hungary have been indicating for several weeks that the government of this country will most probably change. The Hungarian Socialist Party (MSZP), for which—according to the latest polls—almost 40 percent of citizens want to cast their votes next Sunday [8 May], has the greatest chance. The chairman of this political formation, former Foreign Minister Gyula Horn, deserves much of the credit for this trend. Mr. Horn, who will most likely be the next Hungarian prime minister, granted MLADA FRONTA DNES an exclusive interview.

[Uram] What result is your party expecting in the elections? In the event that the MSZP wins, will you become prime minister?

[Horn] I do not want to hazard a guess, but I would be very satisfied if we were to win almost 40 percent of the votes, as the recent polls indicate. We have no candidate for the office of prime minister; it is not important whether it is I or anyone else from our party who attains this responsible post.

[Uram] It is being said that, after your victory, you want to form a government of experts. In your opinion, what does this mean?

[Horn] There is a great difference between a caretaker government or—as we say in our country—a government of experts and a government composed of experts. In our case, the situation is such that the country's economic and social changes and the pressures from abroad—I mean here, first and foremost, the major recession in the West that somehow does not want to pass and whose repercussions are also affecting Hungary—are placing huge demands on managing the transformation process. In this situation, it is essential that people who are the best in their field obtain posts in the government.

[Uram] There is a great deal of speculation about whether the MSZP will cooperate with the liberal bloc, specifically the Union of Free Democrats. In your opinion, is such a coalition possible after the election?

[Horn] It is possible; the choice of coalition partners is not so broad. However, we would not want to form a coalition that would be incapable of cooperation or that would just hamper it. Moreover, the vast majority of people want a change of government. The voters would be cheated if the parties from the present coalition were to return to the government. Therefore, it is mainly the current opposition parties that are being taken into consideration. We are open to them, but in order to do business, two are necessary.

[Uram] What is the socialists' attitude toward the Hungarian minorities abroad? What is the difference between the policy of the current government and your party in the issue of minorities abroad?

[Horn] We want a historic settlement with Hungary's neighbors. This settlement means that we must not deal with historic wrongs. In other words: This is not a matter for topical policy, but is a matter for the historians and scientists. It is also important that we meet each other half way and do so by taking steps that will boost mutual trust. It is wrong if two sides frequently misinterpret various statements that are subsequently portrayed as the official point of view of one of them. It is necessary to proceed from what government representatives, official circles, parliament, and political parties say and not from what certain extremist groups say. We would be happy to conclude basic treaties with both Slovakia and Romania, as we have already done with Ukraine.

[Uram] Including the borders issue?

[Horn] Yes; these treaties should express unequivocally our point of view on the issue of the unchangeability of the present borders. On the other hand, it is essential to guarantee thoroughly—and I would like to emphasize the word thoroughly—the minorities' universal rights. This is not just a Hungarian demand or the demand of local Hungarians. It ensues from the international commitments that neighboring countries have also adopted. I think that, in any case, it would be essential to actuate economic, political, and other contacts with our neighbors, because these are not developing the way they should. Western markets are opening up to us very restrictively; the conditions are extraordinarily tough. We are convinced, however, that there is no alternative to the pro- Western orientation. We all want—whether it is ourselves, Slovakia, or the Czech Republic—to catch up with the West and we want to join the European Union. At the same time, however, we must not neglect relations with each other. In this way, we can also do more in the interest of Hungarians abroad. Definitely more than by making irresponsible statements.

[Uram] It is sometimes said of Vaclav Klaus—who came to power as an unequivocally right-wing politician—that he is implementing a socially more effective policy than many politicians who defend social interests. Do you put this down just to the economic strength of the Czech Republic? Could this policy be an example for other countries?

[Horn] I cannot assess precisely the economic situation in the Czech Republic; this much I do know, however, that the really major changes, which have a drastic impact, have not yet been carried out in the Czech lands. The fundamental changes—without wanting to make comparisons—began in Hungary much sooner. Privatization, developing the banking sector, and many other

areas of transformation have already made their onerous consequences felt. This is one thing. There is, however, something else and there is a certain misunderstanding here. It is said that the left is opposed to a sound economic performance out of consideration for the social aspects. This is not true. The left is not opposed to sound performance. Look at Austria where a social democratic government has been in power for more than 20 years. It is indeed impossible to accuse Austria of a poor economic performance. It is, however, possible to agree with the right on taking more social issues into consideration. I would not divide this issue into black and white. In practice, it is necessary to indicate who represents what under these concepts. The conservative right wing in Eastern Europe has not achieved major successes; on the contrary. I think it is no coincidence that these governments are being replaced more and more in our region.

[Uram] Let us return again to Hungarian domestic policy. Are you concerned about the threat from the extreme right wing? Is there a real danger that the extremists will gain strength in the elections or even win them?

[Horn] Such a danger exists. To be more precise: There are militant extremist groups in our country. They manage to influence many people by intimidation and whipping up hatred. They lead people astray, for example, in relation to our neighbors. This extreme right wing is as a rule strongly nationalistic and we all know where nationalism leads. This danger exists and we must not underestimate it. Hungarian experiences indicate, however, that the extreme right wing is limited to a very narrow group of people. We have a mature society that will not gravitate toward extremes. People want balanced conditions and a moderate policy. They want reconciliation, both within the country and with our neighbors.

Views Election Issues

AU0305163194 Budapest MAGYAR HIRLAP in Hungarian 2 May 94 p 5

[Interview with Gyula Horn, chairman of the Hungarian Socialist Party, by Pal Szombathy; place and date not given: "List Leaders Give Interviews—Horn: A Full Next Cycle Can Be Served With a Changed Style"]

[Text] In our election series, list leaders of parties that set up a national list give interviews on their party's typical program points and concepts. This time, we interviewed Gyula Horn, chairman of the Hungarian Socialist Party [MSZP], who said that this campaign is again filled with categorizing one another.

[Szombathy] What kind of program have the Socialists managed to prepare and what are the main elements of action? So far, apart from categorizing one another, we have not heard much about the program points.

[Horn] It is unfortunate that, rather than discussing the important issues, this campaign is again filled with categorizing one another. Hardly any parties talk about the real problems: unemployment, the possibilities of changing the economic structure, restoring agriculture, and public law and order. Without handling and solving these kinds of issues the country will be unable to get out of the crisis. The MSZP's professional and political program was preceded by many months of expert discussions, and we also tested our ideas on the broader public. Naturally, the implementation of these depends on the circumstances after the elections, not only on our intentions. It is unfortunate that the government does not give much attention to the kind of situation in which it will pass the power over. In 1993, the economic condition of the country went through a lot of deterioration: The deficit of the payment balance increased to an unprecedented level and reached $3.5 billion. The country's foreign debt service obligations rocketed because the government had taken on more than $6 billion loans through the least favorable bond form. We are all facing very heavy burdens: According to some views, without some urgent measures of the new government, the country might become impossible to finance in the near future. We should be dealing with these cutting issues in the campaign.

[Szombathy] What kind of debates preceded the finalization of the Socialist program?

[Horn] I think that this issue belongs to the past now because these debates have been concluded. The MSZP managed to come to a compromise. It is obvious that, with the approach of the elections, all parties are trying to formulate promises that are impossible or hardly possible to fulfill. I add that the opposition parties are in a more difficult situation because many facts are not known to them. Therefore, they have to keep comparing their statements with reality. I can say with confidence that the Laszlo Bekesi's economic policy program reflects the MSZP's perception and its intentions to act. The internal debates were also useful because this program had gone through significant changes compared to the original version.

[Szombathy] If you come to government, what will be the first tasks of the cabinet?

[Horn] We immediately have to start to form a realistic view of the situation, we have to hold talks with the World Bank, and we have to make a permanent agreement with the IMF. Only a coalition agreement open to public scrutiny can be lasting. Whatever kind of government is formed, it will have a serious chance to complete its term only if it changes the current style and attempts to treat society as an adult partner. It has to show a large amount of self-moderation and begin the savings with itself. It will definitely have to start to streamline the state apparatus.

[Szombathy] How can the aggravated media situation be solved?

[Horn] Everything possible has to be done to establish impartiality in the public service media. The Hungarian Television's future might lie in keeping only Channel 1 for public service and it would be a good idea to privatize the other. Drawing up a media law instead of the terminated version will be one of the most urgent tasks of the new Parliament. It would not be good, either, if a witch hunt were started in the media: People who are good at their jobs should be kept, but perhaps not in their current positions.

[Szombathy] Do you consider the possibility of the MSZP remaining in opposition after the elections? If you are too strong then it might be difficult to find a coalition partner because, with your dominance in government, you might "gobble up" others.

[Horn] Relations within a coalition are not decided by the number of mandates. Several western examples prove that, in case of overwhelming victory, the will of the other partners is also considered. It is difficult to imagine a coalition agreement if the partners do not agree on the choice of people. I am not worried about these fears.

[Szombathy] How would you comment on the public service television's boldest attack on you: The "Panorama" program showed a witness whom you had supposedly injured.

[Horn] It is unprecedented for a public service media to shower a political party with so many abuses. The latest edition of "Panorama" is a culmination of this. If the editors had asked me, I would have told them that I had never been to a prisoners' hospital or in Kelebia. The statements were gross lies that hurt my human dignity without giving me a chance to answer all this. The government is responsible for the degeneration of the attacks: All this is making a subsequent dialogue between the political forces impossible.

Officials Views Election Chances

MSZP's Imre Szekeres

AU0405091094 Budapest PESTI HIRLAP in Hungarian 3 May 94 p 10

[Interview with Imre Szekeres, general deputy chairman of the Hungarian Socialist Party, by Janos Kecskes Szekely; place and date not given: "No One Has Nostalgia for the Regime in Hungary"]

[Excerpts] [passage omitted] [Szekely] If the current forecasts are correct about the 36-percent chance of the Hungarian Socialist Party [MSZP] then you will have so many deputies in parliament that you can again establish a one-party system in Hungary....

[Szekerees] I very seriously think that it is certain that Hungary will not have a one-party system. In my view, some six to eight parties will be in Parliament. It is not a realistic alternative, either, that the government will have a one-party system. I expect that the mandates will be in proportion to the popularity of the parties, however, we will only find this out on 29 May. The MSZP will not come to power—as you claimed—when it comes to government, because governing is not the same as being in power—power, fortunately, is divided. It has many actors and the government is not the only factor in power. Parliament, the president of the republic, the Constitutional Court, and publicity are similar kinds of tools. Therefore, I say that the MSZP will be one of the parties in government. In my view, Hungary will have a coalition government. Whatever the election results are, it is certain that a stable government that is able to operate can only be established in Hungary if it stands on the broadest possible political basis.

[Szekely] If membership in the government does not mean that someone possesses power then why do you attack the Hungarian Democratic Forum [MDF] by saying that, in possession of the power, it has not done such and such things?

[Szekeres] Rather than saying that in possession of power, the MSZP says that the government's—and not the MDF's alone—performance was not good enough to entitle it to continue in government. The next government—providing that the MSZP is in it—will change mainly in the sense that it wishes to rely on expertise to a greater extent, including the state's expert teams and the social organizations, interest groups, and other professional organizations. In my view, it will change because governing will become predictable, therefore, people will be able to know in advance what the government will represent. Governing will also become more open, the government will be able to have a better dialogue with society. As a result of all this, governing can and will change. [passage omitted]

[Szekely] Are you really honest and predictable?

[Szekeres] I trust that we are and will remain so.

[Szekely] This is contradicted by the pragmatically demagogic socialist election program, in which the planned economic measures almost correspond to the Alliance of Free Democrats [SZDSZ] type orthodox-liberal shock-therapy concept and will have exactly the opposite effect to the promises made to poor people on improving their living standards. Your planned tax changes will also affect people on low incomes the worst. You also promise things in your program that have already been achieved by the current government, for example curbing inflation. Where is the honesty here?

[Szekeres] I believe that we talk very honestly about what can be expected and what measures we will take. When we talk to people about our concept, we talk on the basis of this program and we do not make promises. I know that both the conservative and the liberal press has raised this criticism against us, but this is unfounded. We very honestly tell that we are facing a very difficult 18 months, so we even mention the length of time our planned measures will take to bring results. I believe that

our program is not a liberal one. I do not even know what the term liberal economic policy means, I cannot interpret this in Central-Eastern Europe in a transitional society. I cannot see that it is liberalism that creates the similarities between the our economic program and that of the SZDSZ and the Federation of Young Democrats [Fidesz]. I emphasize this because, surprisingly, economic research institutes pointed out that the Fidesz's and the MSZP's concepts are closest to each other, and not the SZDSZ's and the MSZP's. The reason is that the room for maneuver has become narrow. Whoever is in government, he will have very little room for maneuver.

[Szekely] If you are offering the same as the Fidesz or any other party then why should we elect you out of all the parties?

[Szekeres] I think that this has psychological conditions. I myself have been thinking about the reasons for the increase of our public support in the past 18 months. We have had some research done for us on this issue to see what people actually think about the MSZP. Three factors were emphasized, and our increased support is probably due to these factors. The first is that a view has emerged that the MSZP is an expert party. To put it more simply, they believe that the Socialists know what they want and they are good at their jobs. Another factor people emphasized was that we are a predictable party, therefore, it can always be known in advance what stance we would take on an issue. This makes us a little boring—I admit this—but this is a very important value for people in a transitional society like ours, which is in a flux. The third reason is that they consider us to be an open party because they say that they feel we are dealing with their problems. People have more faith in us than in other political parties for these three reasons. [passage omitted]

[Szekely] Perhaps even you did not believe four years ago that you would win the next elections. If the MSZP thinks in the long term, and if its governing will be the same kind of disaster for the country as the previous one, then what strategy do you have to survive even this? In other words, do you not think that this possible return is too early?

[Szekeres] Personally, I did not think four years ago that the MSZP's public support would increase to such an extent. I thought that this would take 10 to 12 years. I thought that the government or the liberal opposition would put up a better performance, therefore, I accept what you say. However, for a political party, if it feels responsibility for the country, it is not a good question whether it wishes to govern in a given situation. We have to consider whether, today, it is possible to form a stable government in Hungary that is able to operate without the MSZP. I think that it is not, because only an MDF, Christian Democratic People's Party, SZDSZ, and Fidesz cooperation could successfully counter us, but this would not be able to function. However, if we do not now take on the governmental role, who knows in what condition the country will be in two, three, or four years' time? Possibly much worse. Therefore, we have to accept the responsibility of government and we have to try to avoid losing people's confidence. The only method to achieve this is through complete openness. [passage omitted]

Fidesz's Jozsef Szajer

AU0305123794 Budapest MAGYAR HIRLAP in Hungarian 30 Apr 94 p 11

[Interview with Jozsef Szajer, head of the National Committee of the Federation of Young Democrats, by Dezso Pinter; place and date not given: "We Want a Government of Politicians, Not a Government of Bureaucrats"]

[Excerpts] [passage omitted] [Pinter] In view of your information to date, to what extent did you succeed in predicting the main trends of the election campaign?

[Szajer] Our strategy has been ready for a year, a strategy according to which a liberal center must be created in Hungary that can compete with the socialists and the conservatives from a position of power. A lot of things happened in one year and during the election campaign, but this strategy has stood the test of time. Thus, our predictions proved to be correct.

[Pinter] The present Federation of Young Democrats [Fidesz] is not identical with the Fidesz of one year ago. In your view, where are the changes?

[Szajer] First of all, our positions have changed. For a long time, the Hungarian public saw competition and confrontation between the coalition and the opposition parties. In the first months of 1993 one could already notice a decrease in the support of the current government parties and, thus, these forces will not achieve good results in the upcoming elections. A strong competition emerged among the opposition parties in the wake of this recognition. There were also internal causes behind this struggle. The Alliance of Free Democrats [SZDSZ] overcame its previous crisis and, as a result, it emerged as an offensive party. As for the Hungarian Socialist Party [MSZP], the public freed this party of the stigma of the post-communist party at about the same time. The revival of these two parties changed the internal relations between the opposition parties, and we can no longer start from the premise that the Fidesz is the only party that is constantly increasing its popularity. [passage omitted]

[Pinter] Under what influence have you modified your views on national and religious matters in the past one year?

[Szajer] I cannot agree with the statement formulated in this question, because the Fidesz has not changed its position regarding national and religious matters. However, under the effect of previous attacks, we definitely had to change our communication, namely we informed the public much more frequently and in much more

detail about our views. During our congress held in April 1993, Viktor Orban openly declared that the Fidesz is a national-oriented liberal party. For a long time, we thought that national commitment is so natural for us that there is no need to mention it separately. From the very beginning, the fate of the Hungarian nation and of the ethnic Hungarian minority living beyond our borders has been an indivisible element of our policy. Many people made use of the fact that we refrained from constantly declaring this, and many people tried to create the impression that the Fidesz is not interested in these matters. We could no longer tolerate this, and we put adequate emphasis on our position. [passage omitted]

[Pinter] What image does the cooperation of the Fidesz, the SZDSZ, the Agrarian Alliance, and the Liberal Civic Alliance Entrepreneurs' Party provide about the power of liberalism in Hungary?

[Szajer] Liberalism enjoys public support and basis in Hungary. It also has a task in Hungary, because we have to carry out a modernization here that actually creates a liberal bourgeois democracy. There are obvious and firm differences between the Fidesz and the SZDSZ, but common interests are the basis of every cooperation between political parties, including the cooperation between the Fidesz and the SZDSZ. If we are unable to preserve the unity of the liberal coalition, this might threaten the implementation of our long-term plans. The current struggle will decide the determining power on the Hungarian political arena for years, or even for decades. The SZDSZ was the strong liberal party in 1990, and it failed to come up with a strong liberal alternative against the conservatives despite the weak left at the time. Given its increased power, the Fidesz has a considerable responsibility in 1994. If it fails to come up with a strong liberal alternative against the socialists despite the current weakness of the conservatives, liberalism will hardly become the power to determine the Hungarian policy in the long term. We must now become one of the constant and major players in the political rotation. [passage omitted]

[Pinter] Dominance means a determining force in the political jargon, but not an exclusive force. In your opinion, could a liberal-dominant coalition emerge now, a coalition also including the socialists?

[Szajer] Only if the socialist presence is totally insignificant.

[Pinter] In your opinion, could such a coalition emerge after the elections?

[Szajer] The election predictions do not show this. The socialists will most probably have more power than to agree to participate in such a coalition. Under these circumstances, the Fidesz does not regard the MSZP as a coalition partner.

[Pinter] What if the SZDSZ does regard them as such?

[Szajer] We cannot exclude this possibility either. However, in that case, no one should delude himself that he is a member of a so-called social-liberal coalition. In that case, a liberal party participates as a subordinate of a socialist-dominated government. During the change in the regime, the SZDSZ showed considerable firmness against the forces that are now making up the MSZP. SZDSZ members would probably find it rather difficult to accept such a change in direction. At its inception, the Fidesz was a strong anti-Communist party, but a civilized party that always took Hungary's future into consideration. We will definitely preserve this character of our party. If we gave up our intentions, we would become a valueless player in political life and we would morally disintegrate. We are not preparing for this; instead, we are preparing for a determining liberal role. [passage omitted]

[Pinter] In your opinion, what are the prospects of the parties of the present coalition?

[Szajer] They have a certain basis and, just as in 1990, they will again gather mainly votes on their lists. The Hungarian Democratic Forum [MDF] and the Christian Democratic People's Party [KDNP] will make it into Parliament, but only Jozsef Torgyan's Smallholders' Party has a chance. The conservative pole has become weak and it will not play a considerable role. According to our predictions, the liberals will govern and the conservatives and the socialists will be in opposition. [passage omitted]

[Pinter] In the case of a possible opposition role, how would the Fidesz assert its political responsibility?

[Szajer] The entire political program of the Fidesz relies on the fact that the SZDSZ gets into power. If this fails to materialize, from the first moment of our new opposition status, we will start preparing for the next elections, namely for governing. Our party's logic will not change, only our possibilities for implementing our policy will be more limited. In the opposition, our task remains to show the citizens what we would do differently from the government. Therefore, we do not have to prepare specially for an opposition strategy.

[Pinter] If you get into the government, what changes would you initiate in Parliament regarding the future relations with the opposition?

[Szajer] One should not mix up the government party and opposition roles. We must cooperate closely with the opposition only on really all-national issues and issues regarding our constitutional order. The opposition should continue its task of clearly analyzing the government policy. [passage omitted]

Agrarian Alliance's Tamas Nagy

AU0405083294 Budapest UJ MAGYARORSZAG in Hungarian 3 May 94 p 5

[Interview with Agrarian Alliance Chairman Tamas Nagy by Gaspar; place and date not given: "Whom Does the Agrarian Force Attract?"]

[Text] We are approaching the elections. Not only the parties and their candidates, but also democracy will face a test on 8 May. The lines are delineated more and more spectacularly on the political palette. The parties "squeezed" between the right and the left, parties that call themselves liberal, have also "shaken up." As for their chances, we asked the head of one of the parties forming the group of four—the Alliance of Free Democrats [SZDSZ], the Federation of Young Democrats [FIDESZ], the Agrarian Alliance, and the Entrepreneurs' Party—namely Agrarian Alliance Chairman Tamas Nagy.

[Nagy] The Agrarian Alliance caused a positive surprise, because it has 134 individual candidates. Our forces are proportionally divided all over the country, and our strongest group is in western Hungary. This is very important for us. This is a tremendous change compared with 1990, because we were weak in this area at that time. Although I count on a close struggle, if we do well in the campaign, we will be able to participate in Parliament as a government party.

[Gaspar] In the opposition or in the coalition?

[Nagy] I think a coalition should be formed on the basis of the programs. The essence of the four-party agreement signed recently was to make our group work stronger and work out a joint action program that we can present to the voters: If the voters show confidence in this group, or a party within this group, we will take a stand in favor of such a concept.

[Gaspar] One hears that you also discussed the possibility of getting in touch with the socialists or rejecting this.

[Nagy] No, this is not correct. We were laughing at the fact that we said it for the fifth time that only elections were coming up, and everyone tells his alliance preferences during elections. The aforementioned four parties are together. We also said that we do not exclude the possibility that we can show a considerable force. From this moment on, the question is who will arrive in our group, and not with whom will the SZDSZ, the FIDESZ, or the Agrarian Alliance go.

[Gaspar] In other words, all for one, and one for all.

[Nagy] We are trying to take a common stand. We will probably sign a contract on this. If we succeed in coming to an agreement on a coalition, this group will attract someone. It is possible that we will not be successful in the elections, but we will nevertheless try to take a common stand. We would like to get enough votes to determine the coalition talks. This bloc received close to 1 million nomination slips.

[Gapsar] In your view, what is the cooperation between the parties like?

[Nagy] My opinion is that there is always a possibility for cooperation between democratic parties. The Agrarian Alliance will conduct a policy that leads to a strong and capable government. I do not think it is wise to exclude democratic parties, parties that accept the rules of the game and act accordingly. It is another matter what Viktor Orban, Ivan Peto, or Tamas Nagy feel personally.... Because none of these parties is made up of one person, but bodies that make decisions and approve the results of coalition talks. Politicians allow themselves a lot of things, but not hysterics or personal gossip! This is our position and this is also stipulated by our coalition guidelines.

Polls Predict Election Results

AU0305131994 Budapest NEPSZABADSAG in Hungarian 29 Apr 94 p 7

[Unattributed report: "The Number of People Intending To Vote Is Increasing—Forecast by Four Public Opinion Research Companies"]

[Text]

Szonda Ipsos

The Szonda Ipsos Media, Opinion, and Market Research company has been collecting data on the views on political institutions, parties, and politicians since the beginning of 1991. On the basis of analyzing this data base and the latest—April—data, it prepared the following forecast for the first round of the parliamentary elections to take place on 8 May.

The expected participation level (in percentage of people entitled to vote) will be between 56 and 63 percent nationally; the most likely participation level is 58 percent nationally. Participation figures in the various areas (the counties and Budapest) can significantly deviate from the national average in both directions.

If the first round is valid in all 20 areas, namely more than half of the people entitled to vote participate in all counties and Budapest then it is most likely that the parties that formed parliamentary groups in 1990, and no other party, will again get into Parliament. It is not completely impossible, but there is very little chance for the Agrarian Federation, the Workers' Party, and the Republic Party to reach the 5-percent limit.

If the first round is valid in all areas, then 130 to 135 mandates will be decided on the basis of the area lists. Through this, the Hungarian Socialist Party [MSZP] can get 62 to 68 seats, the Alliance of Free Democrats [SZDSZ] 22 to 26, the Hungarian Democratic Forum [MDF] 15 to 19, the Federation of Young Democrats

[Fidesz] 12 to 17, the Christian Democratic People's Party [KDNP] five to 10, and the Independent Smallholders Party [FKGP] also five to 10 seats.

However, in contrast to 1990, we now have to consider the possibility that the first round will not be valid in all areas because less than 50 percent of the entitled people will vote. Szabolcs-Szatmar-Bereg, Hajdu-Bihar, Bacs-Kiskun, and Jasz-Nagykun- Szolnok counties have the biggest chance for this but, considering a participation at around 58 percent, the most likely scenario is that only Szabolcs-Szatmar-Bereg county will have an invalid first round.

If the 8 May round is invalid in an area, the distribution of the area mandates can be significantly different from that indicated above because participation will presumably be much lower in the second round. The size of the difference will naturally depend on which counties will have to hold a second round, and what level of participation will then be reached.

In the individual electoral districts, similarly to 1990, the mandates will mostly be decided only in the second round because most of the candidates will not get an absolute majority of votes in the first round. For this reason alone—regardless of the validity of the voting on the basis of lists—the mandates of the national lists can only be decided after the second round.

Considering the fact that the electoral law prohibits the publication of public opinion polls in the last eight days before the elections, there might even be considerable differences between this forecast and the actual election results because the intentions to participate and the party preferences can still significantly change between the date of the last survey (8 to 18 April) and the day of the elections.

Modus

In its regular "omnibus" researches, the Modus Economic and Social Marketing Ltd. also poses questions on election preferences. The questions are directed at the level of participation in the elections, primary and secondary voting preferences, and dispreferences. The last of Modus's national surveys took place between 1 and 8 April at 100 collection points, in the form of personal interviews. The sample represents the country's population according to gender, age, level of schooling, and type of dwelling place. The proportion of the people questioned in the sample corresponds to people over the age of 15 living in various regions of the country. The size of the sample is 960.

According to their latest surveys, the proportion of those people who would participate in the elections, if they were held today, has increased (73 percent). In their view, this can be attributed to the effects of the campaign. This change took place mainly to the detriment of "I do not know" answers, which allows us to conclude that the campaign mainly convinced the uncertain voters about the need to vote, rather than the citizens who are not interested in politics. Some 69 percent of those who intend to vote named a party. This means that, similar to 1990, the campaign activity of the last few days will have a major effect on the final results.

Examining the parties preferred by those who selected a party, the Modus found that the MSZP can expect 36 percent of the votes. It seems that the trend that began in November 1993 is also continuing in the campaign period. The Socialist have a good chance of winning the elections. Preference for the Fidesz is at 17 percent. According to indications, the Fidesz's descent has stopped. Compared to the survey in February, the SZDSZ lost 0.8 percent, which cannot be seen as a significant change. According to the April results, 16 percent of people who selected a party would vote for them. Out of the parties of the current government coalition, the KDNP is the most stable party, its expected result was 9 percent in both of the last two surveys. Sympathy for the MDF and the smallholders is moving in opposite directions: The MDF's is increasing and the smallholders' is decreasing. However, both changes are within the statistical error margin. All parties currently outside Parliament can expect less than 1 percent. Therefore, according to the Modus's assessments, the current parliamentary party structure will only change in its proportions rather than its members.

Gallup

Gallup's last survey was conducted between 22 and 24 April on a national sample of 1,500 people representing the country's adult population. Fifty-five percent of the people questioned before the elections were very sure about their participation, and a further 18 percent said that they would certainly go to vote. On the basis of this, it is likely that the participation in the elections will approach or even reach 70 percent.

According to Gallup, out of those who selected a party, a chsnge of only a few percent in party preferences can be expected during the campaign period. Within the whole population, the proportion of MSZP supporters increased from the March 19 percent to 20 percent, the SZDSZ's from 9 to 11 percent, the MDF's from 6 to 8 percent, while the Fidesz's decreased from 10 to 9 percent. These differences based on the whole population change if we only consider those people who intend to participate in the elections. Among the likely voters, 31 percent of those who already selected a party would vote for the MSZP. Among the absolutely certain participants, this proportion is 33 percent. (This was 35 percent in the previous month.) Among the likely voters, the SZDSZ can expect 16 percent, the Fidesz 13, and the MDF 12 percent. The FKGP would receive 9 percent, and the KDNP 7 percent on the basis of the answers. If only those people went to vote who are very certain about this now, the Fidesz and the MDF would get 11 percent, the SZDSZ 14 percent, the FKGP 9 percent, and the KDNP 7 percent.

Eighty-five percent of people who named a party are very certain or certain that they would also choose the party they now prefer on 8 May, and 15 percent are still uncertain about this.

Apart from the six parties mentioned above, none of the others are expected to have a chance to acquire 5 percent support. According to the expectations of 30 percent of people, the MSZP will win the elections on 8 May, 15 percent expect the SZDSZ, and 11 percent the MDF. The corresponding proportions were 24, 13, and 10 percent in the previous month. The proportion of people who were unable to answer this question decreased from the 41 percent in March to 31 percent in April.

The campaign had more effect on the views on the prime ministerial candidates. Gabor Kuncze's performance is the most striking. In March, if a decision had to be made between [MSZP Chairman] Horn and Kuncze, 23 percent would have selected Kuncze and 46 percent Horn. In April, these proportions changed to 32 and 39 percent.

In March, 20 percent named Horn, 19 percent Boross, and 10 percent Kuncze to the question "All in all, whom would you prefer most as the country's prime minister?" In April, 22 percent would welcome Horn, 17 percent Boross, and 16 percent Kuncze as prime minister. (In both months, 18 percent of people were unable to answer this question.)

Median

According to the Median Public Opinion and Market Research Ltd, no one can claim to offer absolutely precise predictions 10 days before the elections, because even the latest polls were done at least one and a half to two weeks before the elections and no one can foresee what will happen during the remaining days of the campaign.

However, in view of the participation in the elections, it is possible to make predictions on the basis of rather clear trends. Participation on 8 May will certainly exceed the 1990 level and can be expected at 74 to 80 percent according to our assessments.

It is even more difficult to predict the party results on the basis of lists. The results of the latest survey (this was between 15 and 20 April in the case of Median), the trends preceding this, and background information on the parties have to be taken into consideration. Median weighted the "raw" answers with sympathy figures for the parties, and opinions on the parties' interest representation and problem solving abilities.

All in all, Median gave the results in a relatively narrow margin, indicating the minimum, maximum, and most likely values according to their current knowledge. According to this, the MSZP can expect 31 to 38 percent (most likely 34), the SZDSZ 15 to 19 (17), the MDF 9 to 14 (11), the Fidesz 7 to 10 (9), the KDNP 7 to 10 (7), and the FKGP 6 to 8 (9), while the other parties together can expect 11 to 17 percent (most likely 14).

Credit to Businesses 'Grew Vigorously' in 1993

94CH0198A Budapest MAGYAR HIRLAP in Hungarian 8 Mar 94 p 9

[Text] The amount of credit given to businesses grew vigorously in 1993, as we learned from the February report of the Hungarian National Bank. The central bank estimates the growth to be between 105 and 117 billion forints [Ft], which corresponds to a 16-18 percent increase. As a comparison, in 1992, the amount of credits increased by Ft2.7 billion, i.e., by 0.4 percent.

In estimating the increase in the actual amount of credit, the central bank took into consideration the cancellation of debts, which led to a decrease in the amount of credit. The cancellation of debts at the end of 1993 affected outstanding amounts of Ft61.3 billion; according to preliminary data from the banks, the effect on the decrease in the amount of credit can be estimated to be Ft30-42 billion. As a result of debt cancellation during the year, the amount of credit to businesses decreased by Ft15.1 billion.

While the amount of current asset credits to businesses decreased in 1992, in 1993 it increased by approximately 12 percent. However, the amount of investment credit decreased in both years. The pace of the growth of foreign currency credits to businesses slackened: While in 1992 the increase amounted to Ft14.5 billion, in 1993 it amounted to only Ft4.5 billion. The pace of the growth of small business loans was nearly the same in the last two years. In 1992 the amount of credit increased by Ft14.8 billion, while in 1993 it increased by Ft15.4 billion.

The amount of loans taken out by businesses directly from abroad amounted to $1 billion, which increased gradually to $1.8 billion in the course of the year until September and remained constant by the end of the year. According to year-end data, the discrepancy in interest rates decreased. Although the decrease in the discrepancy between the interest rates for credits which would come due within the year and those which were taken out this year, which began in May, came to a halt in the fall, it continued in December, and as a result at the end of the year the discrepancy between interest rates was the lowest since May 1992 (9 percent).

Agreement Reached on Retirement Age for Women

94CH0198B Budapest NEPSZABADSAG in Hungarian 8 Mar 94 p 1

[Text] An agreement was reached at the coordinating session between the retirement administration and the parliamentary groups of the parties to the effect that after 1 January 1995 women can still retire at 55; this proposal will be submitted to the National Assembly. At the same time, work must begin on raising the retirement age, on flexible retirement, and on incentives to work longer.

The coordinating session, which was initiated by the retirement administration based on a resolution of the latest general assembly, was attended by six of the parliamentary groups, including representatives of the Hungarian Socialist Party, the Association of Young Democrats, the independents, the Hungarian Democratic Forum, and the Christian Democratic People's Party. The attending representatives agreed that the prerequisites for raising the retirement age by 1 January 1995 have not been met. For this reason the retirement

administration proposed to postpone raising the retirement age, to detach it from the package of amendments to the social insurance law, and to treat it as a separate package.

According to Social Committee Chairman Gyula Kis, who also represented the position of the Welfare Ministry, women who have been employed for at least 20 years and who will turn 55 between 1 January 1995 and the time when the law on increasing the retirement age becomes effective should be able to retire without limitation, but their employers should not be able to send them into retirement merely because they reached the retirement age. A motion to this effect was submitted to parliament already, requesting urgent discussion of the matter. Work continues on the rest of the package.

Budapest Bank Expects Increase in Imports

94CH0198C Budapest MAGYAR NEMZET in Hungarian 4 Mar 94 p 8

[Unattributed article: "Budapest Bank: Increase in Interest Rates; Increase in Imports Expected"]

[Text] The great question this year will be the development of the balance of trade and the balance of payments, we learned at the Budapest Bank's 3 March briefing on macroeconomic prognoses. According to department head Peter Bihari, both the increase in consumer activity and the acceleration in demand for investment will primarily increase the import of products. The growth of exports will not be able to keep pace with imports, and thus the trade deficit could be in excess of $3 billion.

The expected budget deficit of 300-350 billion forints will have a similar effect. Such a deficit will be impossible to finance on the domestic financial market; according to indications the population's inclination to save is also waning. Thus, in any case, one will have to seek credit from foreign markets, or perhaps the next government will use up a portion of the foreign currency reserves.

Incidentally, it was also said at the briefing that as of 2 March Budapest Bank increased interest payments on every short-term and long-term savings account. The increase is between 2 and 3 percent, depending on the term of the account; thus, for savings accounts with a term of 1-6 months, it will pay 16-19 percent instead of the previous 14-16.5 percent.

Further Reportage on Continuing Strikes

Miners To Continue Action

LD0405093094 Warsaw Radio Warszawa Network in Polish 0500 GMT 4 May 94

[Text] A meeting of the Solidarity Hard-Coal Council has been held in Katowice. Solidarity Chairman Marian Krzaklewski took part in the meeting, which ended in the early hours of the morning.

[Correspondent Witold Orzech] The trade unionists have sent a letter to Trade and Industry Minister Marek Pol, registering their vote of no-confidence in the boards of all coal companies. They think that the boards are not coping with the current situation. The Miners Solidarity has also called on the minister to take measures aimed at removing the causes of conflicts and tensions in the mining industry.

The hard-coal miners' assessment of the agreement between their colleagues in the lignite-mining industry and the government was sceptical. They adopted a resolution that the strike at 16 hard-coal mines in Katowice province and three zinc and lead mines should continue.

Karol Luzniak, the hard-coal section chairman, announced that miners from several other mines will join the strike starting at 0600.

Marian Krzaklewski expressed the hope that the national industrial action starting today will prove successful for both Solidarity and the government, that the strike will make the government understand that it should not aim at confrontation with the union. As a result, when the government finally comes to understand this, [Finance Minister] Mr. Kolodko will have not 60 but 120 or more days of peace, Marian Krzaklewski said. He did not rule out the possibility of using the strike fund for payouts to strike participants.

Oleksy Assails Solidarity's Objectives

LD0405110994 Warsaw TVP Television First Program Network in Polish 1000 GMT 4 May 94

[Relayed by Warsaw TV Polonia Network]

[Text] Sejm Speaker Jozef Oleksy said at a meeting with workers at the Warsaw FSO [Automobile Factory] today that, by organizing strikes, Solidarity is not fighting in the interest of employees but is seeking to achieve the upper hand over other trade unions. According to the speaker, Solidarity has been deliberately avoiding negotiations with the government. It has announced the escalation of strike action because the aim of the union is to overthrow Waldemar Pawlak's Cabinet.

Jozef Oleksy said that trade unions should primarily fight to resolve problems of employees and not play political games for their own benefit.

Minister Views Strike Threat

PM0405085694 Lodz GLOS PORANNY in Polish 27 Apr 94 p 3

[Interview with Leszek Miller, minister of labor and social policy, by correspondent Henryk Sroczynski; place and date not given]

[Text] [Sroczynski] Why, in your opinion, do strikes keep recurring in the raw materials, fuels, and power-generating sectors?

[Miller] A strike in a textile plant or even in the whole textile sector would not bring appreciable results for its organizers. After all, they are interested in making their cause heard. Therefore, notoriety can be gained only through a strike that will affect coal mines, power plants, or the telecommunications sector because it can paralyze life in the country on a large scale. Thus, organizers will always select the branches of industry in which the planned strike would, first, be noticed. and, second, have a crippling effect on the whole fabric of state life.

[Sroczynski] In this case, however, there is much talk of the exceptional significance of the strikes and even of a "new gust of air" that might inflame Solidarity again.

[Miller] That would be impossible in any circumstances now. Today we have a completely different management and ownership structure than we had in the 1980's. Nevertheless, Solidarity will clearly continue to provoke strikes in order to give itself a high profile, at all costs, and to paralyze many other branches of the economy.

[Sroczynski] In the meantime, how do you assess the condition of our economy?

[Miller] For the first time in a long while, we have a decrease in the number of unemployed: It has gone down by 20,000. This may not be very much, but it is a heartening indication that unemployment is no longer growing. The inflation index for the first quarter of the year is 4.5 percent, which is the best result for the past seven years. In addition, industrial output rose by 10 percent in the past quarter, which is also an unusual thing.

[Sroczynski] Can we assume that this will be a permanent trend?

[Miller] It seems so, but this optimistic outlook can be easily shattered nowadays. This can happen as a result of the strike wave that may hit at the economy's sensitive points or the abolition of the popiwek [enterprise tax on above-normative pay] act, which could cause rapid wage increases. In such a situation, Poland could again become an unstable country.

[Sroczynski] When could the economic reforms bring tangible advantages also to the poorest strata of society?

[Miller] If the advantageous trends I mentioned earlier prove to be the dominant strands in the economy, a real growth of wages as well as old-age and disability pensions

could take place for the first time in many years. The most important aspect of that would be that the adverse trends would then be halted for the first time in many years.

Walesa Speaks on Constitution Anniversary

LD0305125994 Warsaw TV Polonia Network in Polish 1025 GMT 3 May 94

[Address by President Lech Walesa at a ceremony at the Tomb of the Unknown Soldier in Warsaw marking the anniversary of Poland's 1791 Constitution—live]

[Text] The event whose anniversary we are celebrating today is among the most important and glorious in Polish history. Although it was a fruit of peaceful thinking, this event is equal in importance to our greatest military achievements, the most famous victories of the Polish Army. On 3 May 1791, an important and difficult battle was won in Warsaw, a battle for Poland and for a modern Polish state. Patriotic, progressive, and reformatory thinking won the battle. It changed, meeting the needs of its time, the unsatisfactory political and social setup of the state. However, internal arguments and foreign forces destroyed the achievements this philosophy had initiated. But the beautiful tradition that stimulated the minds and spirit of subsequent generations of Poles has remained.

The adoption of the 3 May Constitution has proved that, at important moments of history, we are capable of courageous and long-term state thinking, that we are capable of initiating radical reforms and of creating solid legal foundations for actions organized on a national scale. Social agreement and universal consent are the condition for such transformations to be successful. This puts reformers under the obligation to make great efforts in order to bring about pluralistic compromise solutions.

For society, this means an even more difficult task of finding appropriate proportions between one's own good and public interest, of giving up some personal objectives for the common good.

The message of the 3 May Constitution constitutes a living and creative value for Poles today. We remembered this during our struggles for a free and sovereign Third Republic aimed at transforming Poland into a strong, modern, democratic and tolerant country, a country that would be open to the world. We feel that this Polish tradition is part of our legacy. However, today we lack the determination and effectiveness of our great predecessors. The Basic Law of the Third Republic is still nonexistent. Despite the restructuring of the state continuing for five years, this basic legal act has not yet been created. We are building a house without a solid foundation.

A year ago, on the 202d anniversary of the 3 May Constitution, I said here: It will be easier to meet new challenges if we focus on what unites us all. The achievement of the authors of the 3 May Constitution should be an example for us to follow. They overcame divisions and rose above their ambitions and grudges. They showed us what civic maturity, responsibility and patriotism, tolerance and wise consensus mean.

We are in great need of these values today. We must reach an agreement on matters most important to our homeland. Irrespective of the fact that our views, options, and interests vary, we must support Poland through a wise and long-sighted compromise. The future successful development of the country and the well-being of its citizens depend on that. The endurance of the edifice of the state depends on it.

These words are still topical. We are still divided. We have not managed to form a united stance on matters important for the country or to give a clear answer to questions on the future of the state. The matter most important for Poland—the Constitution—is buried in insignificant and prolonged discussions and arguments.

Despite this, I believe that we will find a common language and citizens' concern for our common value—Poland. I believe that this exchange of opinions will allow creative thought about the state to emerge, and this will introduce a new democratic order that will live up to our dreams and aspirations. It will live up to the time in which we are living. Let us be worthy successors to the tradition of 3 May. [Applause]

Grants Interview

LD0305214294 Warsaw TV Polonia Network in Polish 1800 GMT 3 May 94

[Interview with President Lech Walesa by TV Polonia head Leszek Wasiuta to mark Constitution Day on 3 May; place not given—recorded]

[Text] [Wasiuta] Mr. President, we celebrated Emigres' Day yesterday. Would you ever think of emigrating?

[Walesa] No, I never took such a possibility into account. There is always a chance things can be improved.

[Wasiuta] But in the past you were pressed to leave the country, right?

[Walesa] And that is why nobody ever succeeded in doing that and never will [as heard].

[Wasiuta] Recently, more and more young and educated people have left Poland. They emigrate. They are leaving for reasons different from those common during communism, but this makes Poland a poorer country. What do you think about it?

[Walesa] Well, here one can see the difference between generations. My own generation was to some extent educated by teachers who had themselves lived during the Second Republic, where the homeland was more important than anything else, regardless of the costs of living here. Now we talk about being Europeans. We say

that this country opens up, that efforts to stress differences do not make much sense. This induces young people brought up this way to look for places where life is better, where they can get more.

[Wasiuta] What is wrong with that?

[Walesa] Well, it is happening at a bad time because the country needs to catch up with Europe as quickly as possible. It needs solutions because it is behind a little. If more valuable people leave, this is a loss for the country. Of course, later, after a hundred or so years, this loss will be compensated for, but it means that our chances to catch up with the world are reduced.

[Wasiuta] A hundred years is a long time. Mr. President, today we are celebrating the 3 May Constitution. This is a celebration for those who never accepted Poland's loss of sovereignty, national dignity, and independence. Do you think those people have won the battle?

[Walesa] Yes and no. Again one should ask how one can win, how one can build up patriotism or take care of the nation, of the state, when this state is Europe or, rather, the fact that we are striving for Europe. That is why certain things will have to be reevaluated. I think that certainly in 200 years Poland and other countries will differ from one another only in their folklore and past history, but we will really be one Europe. Whether this will be better or worse, who knows? But that is what we are striving for.

[Wasiuta] Mr. President, after the signing of the treaty in Vilnius, the Polonia, or the Polish minorities in Lithuania and other neighboring countries, have had their rights guaranteed, but there are countries where the Polish minorities do not have such guaranteed rights, and these people look longingly at Warsaw and at you, Mr. President. What can be done in this regard for Kazakhstan, for instance?

[Walesa] Of course, we must make every effort to make sure that people of Polish origin, wherever they live, can enjoy similar solutions, but this depends not only on their mother country, but also on the countries they live in. When we reach European living standards, this will not constitute a great problem, but now there are still big differences, both economic and political, and, as regards security, so the problem lies in the differences in levels, and efforts will have to be made to keep a careful watch on places where the principles worked out by Europe are not observed. And, of course, in extreme cases, we will help people return, although, as I say, in an open pluralistic Europe, the same goal may be reached from different points, and there is no need for massive translocations when borders are open. They are necessary, and people aim for that, but only when differences in living standards are very big, in fact [sentence as heard].

[Wasiuta] Mr. President, as I have already said, the Polonia throughout the world looks at Warsaw with expectation and at you, Mr. President, also with hope. They expect to get moral support. They look at what is happening in Poland from a specific point of view. What can Poland, a country still on its way to prosperity, offer the Polonia today?

[Walesa] As you have said yourself, the Polonia is different in every country. There is a Polonia that would like to do business because it has the money, and there is a Polonia that would like to make money out of the mother country because it has no money. So, they are terribly different. One should divide them logically into three groups, and, depending on the groups, on the different levels, they ought to be dealt with accordingly. The rich Polonia should be dealt with in a different way, they should be given a chance to do good business here, while the other Polonia, the older one, should be dealt with in a different manner, rather like tourists: They ought to be shown things. And the rich Polonia that would like to make money doing business with Poland should be treated differently.

At present, we do not do enough in this respect, we do not show enough interest in these matters, but I want to say, too, that, while we are setting our country in order economically, politically, and socially, we will have more and more time to deal with other matters. That is bad because it could be the other way around: First set the country in order, and then it would be easier to do the reforms. Yes, but we have approached the problem from another direction, and that is why we do not have good contacts and do not take proper care of the Polonia. But, if the Polonia—for the ball can be returned a different way—if the Polonia organized itself better and forced certain solutions on its mother country, that would suit us much better. But the question again is, which Polonia? The one that expects something or the one that can do something?

[Wasiuta] And from which we also expect support. Thank you very much for the conversation, Mr. President.

[Walesa] Thank you very much.

Reorganization of Foreign Affairs Ministry

94EP0055A Warsaw TRYBUNA in Polish 7 Apr 94 pp 5-6

[Article by Wieslaw Debski: "In Line to Diplomatic Corps"]

[Text]

MSZ Open to Coalition Members

Andrzej Olechowski, at a closed meeting of the Sejm Commission on Foreign Affairs on Thursday, presented some plans for modernizing the Foreign Affairs Ministry (MSZ).

After the meeting, the minister informed the journalists that he was speaking about the problems of coordinating the activities of Polish diplomacy and the ministry's new cadre policy. In the law on foreign service, the draft of

which is already prepared, there is mention of the Diplomatic Service Corps and the political leadership of the ministry. The latter is to be made up of the minister and his deputy, representing the groups that form the government. The minister believes they should have influence on the shaping of the state's foreign policy.

Olechowski stated that the road to bringing coalition deputy ministers into the MSZ has been opened up in this way. When asked by TRYBUNA when, therefore, the shaping of an MSZ political leadership could be expected, he replied that this will be one of the more important elements in the first stage of modernization, which will be completed no later than 1 July 1994.

The commission, for the first time in the present term, pronounced its opinion on candidates for ambassadorships. It approved Jerzy Kozminski (deputy minister of foreign affairs) to the post of ambassador in one of the countries on the American continent. Favorable opinions were also passed on Ryszard Stemplowski (former chief of the Sejm Chancellery) and Wictor Ross (diplomat in the Polish Embassy in Moscow), also being considered for ambassadorships in European countries.

There was no agreement (one vote was lacking) on extending the work of the subcommittee on cadre evaluation in the MSZ, but, as one of the deputies told us, this motion will shortly return to the commission for deliberation.

In Line to Diplomatic Corps

Personnel matters in Polish diplomacy have always been a hot topic. The diplomatic service was the "jar of goodies" many people in authority were eager to reach for. It was charged that the diplomacy of real socialism was a stepping-stone for the party aktiv. The diplomacy of the new capitalism, on the other hand, is being accused of allowing entry only to its "friends who are on the list." It is not surprising, therefore, that Minister Andrzej Olechowski suggested, as one of the first tasks, that new rules of selection for the diplomatic service be prepared.

Let us mention that, during the first six months of the MSZ's work under new leadership, a concept of broad and accelerated entry into the Western structures (the European Union, on the one hand, and NATO and WEU on the other) and the assumptions of Eastern policy were developed. The plan for modernizing the ministry, whose cadre matters constitute an important element, is another stage in the formulation of a concept of Polish foreign policy and how it is to be implemented.

As learned from people participating in the closed meeting of the Sejm Committee on Foreign Affairs and in the corridors of the MSZ building, a four-person group worked on this concept, enhanced by 17 task forces that prepared five basic courses of change, covering:

- External coordination of foreign policy (relationships: president, MSZ, government, parliament, etc.).
- The organizational structure of the Foreign Affairs Ministry (it seems that a completely new system of departments is being proposed).
- Internal coordination (in the MSZ home office, home office and foreign posts).
- The shaping of professional cadres in the ministry.
- Technical and material infrastructure.

The basis for cadre reform will be the law on foreign service, the draft of which will shortly be sent to the government for deliberation and, if accepted, sent to the Sejm.

Therefore, we should soon have a diplomatic service corps, a group of people who are well trained, suitably prepared, and proven in practice. It is they who will constitute the main (some say 90 percent, others 70 percent) group of ministry employees and diplomats in foreign posts. For this to happen, clearly defined rules for the acceptance of employees must be established (e.g., competitive examinations), employees who will pass a one-year preparatory training and practice course and then be subjected to a diplomatic-consular examination at the ministry. In attaining successive levels (grades) of service (six) and occupying a position appropriate to the grade, the employee will know what awaits him tomorrow and in a few years, and not only will he know where he may be sent abroad, but he will also know what kind of career he can make for himself in the home office, what kind of positions are waiting for him when he returns, with what kind of salary and with what scope of duties. Furthermore, the position he occupies in Poland will have an influence on the position assigned abroad, and the reverse.

Rules of rotation (i.e., the filling of foreign posts) will be clear, taking into account the employee's expectations and the needs of the ministry. It is said in the MSZ that each year open positions in the consulates and embassies will be announced. Every candidate who meets the criteria will be able to compete for the openings, and the decisions will be made by a special commission. Furthermore, this will not be a closed system. The MSZ always made use of people from the outside, whether they were specialists (on Iran, for example) or to fill specific posts—e.g., cultural or press counselors. If such a need arises, the decision will be made by a qualification commission and the person employed on the basis of a contract for a specific period of time to perform a clearly defined task. In this way, in addition to the foreign service corps concept, another will appear: numbers of foreign service workers.

Thus, the diplomatic cadre will be professional and—permit me a little idealism here—apolitical. But, along with this, will be a definition of political positions that are subject to replacement when the government changes. In first place, of course, is the minister, followed by the deputy ministers, who form something on the order of a ministerial political council because the current work of the diplomatic service will be conducted by a professional—secretary of state, secretary general of

the ministry, or something on that order. Certain ambassadorial positions would also be political. The practice of Western countries varies in this respect: from a 100-percent professional ambassador corps in Great Britain to a mixed system in the United States. In Poland, this will be determined by practice. People from the MSZ and deputies with whom I have spoken talk about a two-thirds to one-third ratio. But, although in the MSZ they would like to put the professionals in the first figure, the deputies would like to see the reverse, which, of course, is understandable.

At present, Poland employs a total of 3,213 people in its MSZ, 1,831 of whom are in tenured positions. The home office has 917 employees and the outposts 2,226, of whom 904 are tenured. There are a total of 904 "merit" employees, 383 of whom are in the home office and 521 in the outposts.

This entire construction would include clearly defined criteria for selection (higher education, Polish citizenship, ability to perform legal duties, high moral qualities) and the scope of duties and responsibilities. There would be a suitable training system to improve the qualifications of the cadre, the basis of which would be a national public administration school and a new State Institute for International Relations (PISM). The old PISM, as we know, has been made part of the ministry structure. The new one would be a center for professional reports and reflections on international relations, as well as a place of postgraduate education and training. Consideration is also being given in the MSZ to a return to the proposal for an International School of Diplomacy, which was abandoned in 1992.

* * *

This, of course, is not a full concept. The necessary documents, including the draft law, are still deeply hidden in the desk drawers of the chiefs of the ministry. But what we already know appears to be extremely attractive. We would be closer to a situation never previously encountered in the MSZ, one in which an employee would owe his position not to behind-the-scenes intrigues and shenanigans, but to his own knowledge and experience. Furthermore, clear rules of promotion and an open decisionmaking process should help to overcome the atmosphere of suspicion and jealousy now present in this ministry. In this sense, these rules can be used as a kind of model for other ministries.

I realize that the method of thinking presented in this concept is somewhat idealistic and that it will be extremely difficult to push it through parliament. But I think it is finally time to rise above parochial, party, and other interests so as to once and for all introduce some hardfast rules of operation. These words apply equally to the deputies on the subcommittee of the Sejm Commission of Foreign Affairs for cadre review in the MSZ. If they really want to improve the ministry's cadre policy, they will end, I hope, their disputes about the past and become the chief advocates of the new concept.

Polish Socialist Party Officials Elected

LD0305122794 Warsaw PAP in Polish 1020 GMT 3 May 94

[Excerpt] Warsaw, 3 May—During today's second and last day of the 30th Polish Socialist Party [PPS] Congress, Senator Jan Mulak was reelected the PPS chairman and Mieczyslaw Krajewski chairman of the PPS Central Executive Committee. [passage omitted]

Sale of Arms to Burma Viewed

94P20674A

[Editorial Report] An article in the 29 March issue of the Warsaw daily ZYCIE WARSZAWY takes issue with U.S. criticism of Polish arms sales to Burma because of that country's human-rights practices. Journalist Marek Meissner writes that Polish Government officials privately complain that Poland is being singled out because it is more susceptible to U.S. pressure than other arms-exporting countries and that a cutoff of Polish military exports to Burma would only benefit the Polish defense industry's foreign competitors. Meissner notes that German, Portuguese, Korean, Chinese, and Indonesian companies are currently exporting military hardware to Burma. He alleges that even U.S. firms have sold "obsolescent" equipment to Burma.

Meissner compares the current situation to an incident in 1991, when, as a result of U.S. pressure, Poland withdrew from negotiations with Burma for a contract to supply several dozen armed Mi-2 helicopters. The order subsequently went to China. Meissner adds that, since then, U.S.-made Bell Model 212 helicopters have been sold to Burma.

Meissner also notes that the Polish Defense Ministry denies that any large-scale transfer of weapons to Burma is taking place. He quotes ministry spokesman Colonel Wieslaw Rozbicki as saying that "none of the large companies such as Cenzin [a state-owned arms-trading company] deliver materiel to Burma." According to Rozbicki, what is at issue is "merely a small amount of military equipment sold by a small firm."

Ex-King Mihai Sends Easter Message to Nation

AU0405080094 Bucharest ROMANIA LIBERA in Romanian 30 Apr 94 p 3

["Message by His Majesty King Mihai I to the Homeland on Holy Easter 1994"—date not given]

[Text] Romanians:

Today, when you are celebrating the Holy Easter Holidays, together with your families in your villages or in your towns, I am addressing you in earnest.

I decided to accept the invitation of the Metropolitan of Banat and of the Mayor of Timisoara to come to our Romanian land and pray together for our homeland.

In spite of their promises, those who are ruling today do not allow me to be together with you where I had been invited, that is in Timisoara. They have not succeeded in overcoming the fear of those direct ties that exist between you and me, ties whose signs became evident two years ago when hundreds of you welcomed me with enthusiasm.

The authorities are wrong. For all of you and for them, too, my presence among you represents the guarantee of civil and moral peace, as well as the spiritual peace that the Homeland needs in order to emerge from self-doubt, discouragement, and fear. Having confidence in what was said at the first talks that started two weeks ago on practical aspects of my journey, I hoped that the authorities finally understood that my only preoccupation is to make a contribution, with all my power, to the reconciliation of all Romanians, because only together can we revive Romania.

Although I was ready to take into consideration all solutions in the name of the major interest of all Romanians and national unity, in spite of the wish showed by some people who are involved in administering the Homeland's affairs, I have to notice with sorrow that the highest level of the state leadership still upholds the unjust decision regarding my exclusion, a decision taken by the leaders of the communist state coup over 40 years ago.

Romanians, because of you and for you, I do not want to lose hope. The Lord's resurrection is the triumph of hope over suspicion and we share the same belief in the triumph of life over death.

Christ has arisen!

This is the time when our patience has to yield results. Christ has arisen!

The time has come for those who suffered injustice to rise and move on. We say the same prayer for our Homeland, for your families, and for your future.

Christ has arisen!

Romanians, my destiny is in your hands. My return depends on each of you, by respecting the freedom and dignity of each person.

I know that many of you have publicly shown the wish to see me among you and I was greatly moved listening to the appeals of the representatives of the nation, of young people, of intellectuals, of trade unions, and of numerous associations. To all this one can add the thousands of letters that I receive from faithful fellow nationals.

The time has come for us, after sacrifices and suffering, to be together at the revival of our homeland.

On behalf of my family, I wish you happy holidays.

So help us God!

Mihai

Report on Actions To Prevent King's Visit

AU0405092194 Bucharest ROMANIA LIBERA in Romanian 30 Apr 94 p 3

[Report by Andrei Badin: "The Authorities Fear Not So Much the King as the People Who Acclaim Him"]

[Text] Their Majesties King Mihai and Queen Ana will not be in Romania over the Easter Holidays. Again, the authorities have prevented, in an elegant way, it is true, the visit of the Sovereign. After the royal family had handed in their passports [for the granting of the visa] on 8 April to the Romanian embassy in Bern and the King reasserted his declaration according to which he does not intend to contest the constitutional order (which does not mean that he also acknowledges the Constitution), the Bucharest authorities sent their representative to Versoix [royal headquarters in Switzerland]. That representative was Ion Gorita, state secretary of the ministry of foreign affairs. Being in Paris, accompanying President Ion Iliescu on his visit in France, Gorita contacted His Majesty's secretariat over the telephone. In the afternoon of the same day, 16 April, he received an audience at Versoix. At that time the point of view expressed by the envoy of the Romanian authorities was that "the government sees no impediment to the visit of the King."

Thus, a significant change in the stance of the authorities began to take shape, a shift compared to the hysteria that they referred to whenever the king previously tried to return to his native country. They agreed that during the following days the King would designate the persons who were to represent him at the negotiations scheduled to take place in Bucharest with the representatives of the authorities. His Majesty the King designated Messrs. Gheorghe Antoniade and Dan Badic to conduct the talks. On behalf of the Romanian authorities the talks were attended, in the first phase, by Messrs. Ion Gorita, George Ioan Danescu, state secretary at the ministry of interior, and other officials. Initially they raised the issue of his visit to Timisoara, as the King had been officially

invited by the mayor of that municipality, Viorel Oancea, and His Holiness Nicolae Corneanu, the Metropolitan of Banat. The talks were also attended by the Timis County prefect and the head of the county police. Their first stipulation was the King's isolation from Timisoara. The authorities suggested that his residence should be at one of Ceausescu's former Houses, in the locality of Pischia, 27 kilometers away from Timisoara. The royal house could not accept that offer, first because the king had wanted to stay in a house owned by the church and, second, because having been invited by Timisoara, he could not understand why he should keep out of Timisoara. Then the authorities invented further pretexts, such as the fact that the king's protection (against whom?) could not be ensured in Timisoara, or they claimed they held information (from what source?) according to which during the royal visit in Timisoara both pro-monarchy and anti-monarchy (?!?) demonstrations were planned. Eventually, after further discussions, the authorities openly admitted that Timisoara could in no way be the scene of the royal visit. Trying to stall reaching an agreement, the government then invented an extreme solution: They would officially invite the King to visit, "wherever" else he wishes to go.

The King pondered this new proposal a great deal, after which he authorized his representatives in Bucharest to state that for the good of the country and for the sake of national reconciliation, the King accepts, in principle, that proposal, provided that Viorel Oancea, the Timisoara mayor, as well as Metropolitan Corneanu should accompany him wherever he goes. It was quite difficult for the King to accept that government proposal as he felt bound by very deep feelings to Timisoara, the martyr city, which the authorities had several times prevented him from visiting. On Wednesday [27 April] evening, at government headquarters, new talks were held between the King's representatives and those of the executive, among whom Mr. Viorel Hrebenciuc, the general secretary of the government, also attended. They came up with yet another thing: Having said that the king could visit "wherever" he wished, the government now suggested a new variant containing three possibilities: The king should visit Curtea de Arges, Putna, or Olanesti [monasteries], where he would be sheltered in "palaces" and "copious meals" would be served to him. It is worth noting that the representatives of the authorities were constantly trying to flatter the king's envoys by mentioning the palaces, meals, and other such "favors" that the government would be ready to provide for His Majesty. What is more, the government suggested that they would send a BAC-type aircraft to Geneva solely for the transportation of the royal family to Romania, which would mean spending a huge amount of money. The King's representatives replied that there was no need for such a thing, as the King wished to travel by a normal airline flight and he did not intend to stay in palaces or dine copiously. The government people found it very difficult to comprehend that point of view. Eventually, the King expressed his wish to visit Bucharest, a thing that originally had been suggested by the Government. However, now they did not accept. This is, in general terms, how the 10-day Bucharest talks among the representatives of the king and those of the government evolved.

Anyone can easily see that the authorities changed their stance each time the wind changed direction. The final impression was that actually they were merely trying to delay making a decision and to finally convince His Majesty to accept that the visit should be as secretive as possible and in a place selected by the government. Having requested that the visit should have a private character, the government wanted an official one, kept secret, the schedule of which was also to be established by the government. All this happened after Ion Gorita, on 16 April, in Versoix, had said that "there are no problems." No comment needed!

Nastase's 'Grand Coalition' Idea Examined

AU0305164794 Frankfurt/Main FRANKFURTER ALLGEMEINE in German 3 May 94 p 7

[Report by Konrad Schuller: "The Social Democracy Party of Romania Advocates a Grand Coalition in Romania"]

[Text] The Social Democracy Party of Romania (PDSR), the strongest force in the nominally suprapartisan government in Bucharest, has repeatedly been stressing its willingness for economic and social reforms. Its Executive President Nastase, who is also president of the Chamber of Deputies, even offered a grand coalition to the market-oriented opposition in an interview with FRANKFURTER ALLGEMEINE. Representatives of the largest opposition alliance, the Democratic Convention of Romania (CDR), however, expressed the suspicion that such offers are only tactical and primarily designed to exert pressure on postcommunist or chauvinist parties that reluctantly support the Romanian minority government in parliament. A grand coalition would reduce the influence of these parties. Also, the PDSR no longer wants to be considered an opponent to reform abroad.

Nastase stated that his party, which has so far determined the hesitant policy of the independent Prime Minister Vacaroiu, is in agreement with the opposition on the objectives of foreign policy. There is full accord that closer ties should be established with the West. The PDSR, which is considered a reservoir of former communist elites by its opponents, today advocates a European-type social democracy "with a liberal touch." As far as the economy and privatization are concerned, it has numerous elements in common with the opposition. Since the beginning of the year, contacts have been established with all parties to win them over for more radical economic reforms. Romania has committed itself vis-a-vis the IMF to carry out resolute reforms. In return, it received promises for a credit worth 1.16 billion German marks. Nastase stressed that his party wants to accelerate the privatization of the economy. This year, a

total of 300 enterprises have been privatized. It is quite natural that this should lead to a rise in unemployment (11 percent). The population and the trade unions are not afraid of reforms. In spite of the government's "very tough" reform policy, polls show that the PDSR has not yet scared off its supporters. Parliament must now draft a competition law and a law on local taxes that would give the communities more power. For these and other projects, the PDSR needs the support of the opposition. The PDSR wants to end the domestic "cold war" and begin a "phase of cooperation" with the opposition.

Deputy Ciumara, a leading member of the National Peasant Christian-Democratic Party (PNTCD), the strongest force in the opposition alliance CDR, views such offers with suspicion. He believes that the unofficial government party PDSR does not want to give up its monopoly of power. Nastase, who likes to stress the government's readiness for reform, is only pretending because the government and the PDSR depend on the old directors and cadres of the former regime who are opposed to reform. The 300 privatized enterprises about whom Nastase is talking are not important at all.

According to Ciumara, the PDSR ignores the most demands by the opposition in its offers. It is neither willing to comply with the demand that, in a cabinet of a grand coalition, no party must receive more than 50 percent of the seats nor with the request that every minister should be given complete freedom in his office. Also, it ignores the decision by the parties united in the CDR that talks on alliances should only be held jointly. The PDSR is seeking contacts with individual members of the alliance to split the CDR.

Nastase speaks of a grand coalition as one of the other possibilities. He demands that "formal aspects," such as the composition of the government, not be stressed too much, and not "party interests" but "common issues of interest" be given priority. Yet this would mean that his PDSR ministers alone would keep their positions and that the circles surrounding President Iliescu could continue to play off the communist and nationalists against the conservative opposition in Parliament. The PDSR has succeeded in so doing recently. Its satellite parties have accepted the agreement with the IMF, despite the fact that they had always vehemently rejected the submission to demands by foreign institutions. Nastase explained their support by pointing out that they did not want to topple the "center-left government" because they might get a "center-right" government which they would no longer be able to influence.

Police Inspectorate Sets Up Intelligence Group

AU2904182194 Bucharest EVENIMENTUL ZILEI in Romanian 27 Apr 94 p 8

[Report by Liviu Tudor: "The General Police Inspectorate Has Set Up Its Own Intelligence Service"]

[Text] A "Directorate for Operative Supervision and Intelligence" has recently been set up within the General Police Inspectorate. The new informative service of the General Police Inspectorate is headed by Colonel Traian Dima and became operational with the new restructuring of the services and directorates within the General Police Inspectorate.

From the name of the new service, which is not subordinated to Military Unit [UM] 0215 Bucharest, one can infer that its duty is to carry out an intelligence supervisory watch on the activity of the General Police Inspectorate and to brief the Inspectorate leadership on relevant operational developments.

The initiator of this intelligence unit is Major General Ion Pitulescu, head of the General Police Inspectorate. The first attempt made by Major General Ion Pitulescu to set up such an intelligence service within the Inspectorate's structure was last March, when his initial proposal was turned down. By claiming that UM 0215 Bucharest—a specialized unit designed to defend state secrets in the Ministry of Interior and ensure the protection of the police personnel—"cannot fulfill such duties in the sphere of the police bodies' activity," the head of the General Police Inspectorate, Major General Ion Pitulescu, emerged victorious and obtained the approval for setting up the new unit.

Therefore, to the five already existing domestic intelligence services, one should now add a sixth one, namely the Directorate for Operative Supervision and Intelligence of the General Police Inspectorate.

Silajdzic: Federation Still Offered to Serbs

AU0305184594 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 3 May 94

[Text] Bosnia-Herzegovina Prime Minister Haris Silajdzic today received Douglas Hogg, minister of state at the British Foreign Office. On this occasion Silajdzic said that a limited cease-fire could be significant for the resumption of negotiations. He stressed that the aggressor was buying time with his acts—such as bringing in soldiers dressed in police uniforms in and around Gorazde, and settling its people in other people's houses.

We have established a federation of Bosniaks and the Bosnia-Herzegovina Croats, and we are still offering the federation to those who want to live with us, Silajdzic said.

Asked by Hogg what kind of relations would be established with the Serbian entity in Bosnia-Herzegovina, Silajdzic said: Whatever kind of entity they choose, they can join the federation. However, we cannot allow the people of Banja Luka to not be able to return to their homes. The international community has to guarantee them this right. All this would imply that the Serbs will have relations with Serbia, but not to the disadvantage of Bosnia-Herzegovina.

We believe that the contact group has a lot to do. We are taking it seriously, and we think that it is important for all of us, Silajdzic added.

Hogg: External Borders 'Must Not Be Touched'

AU0305185794 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 3 May 94

[Report by Mladen Bosnjak on a news conference by Douglas Hogg, Minister of State at the British Foreign Office, in Sarajevo on 3 May—recorded; Hogg speaks in English with superimposed Serbo-Croatian translation]

[Text] [Bosnjak] My visit has focused on the implementation of the Washington Agreement and the work of the contact group, Douglas Hogg said. I am encouraged by the pragmatic views expressed by Mr. Silajdzic. From what I heard in Zagreb yesterday and in Sarajevo today, I can see that there is commitment to the implementation of the agreement. My impression is that the most important thing is to have a clear geographic delineation between the cantons.

There is no doubt that the Serb side is to be blamed for the current situation in Bosnia-Herzegovina but, despite that, it cannot be excluded from the negotiations. From my talks with Prime Minister Silajdzic I gathered that there are limits beyond which one cannot go, and the most important one concerns the external borders of Bosnia-Herzegovina. Those must not be touched, but there is still room for a much looser agreement on the relations between the Serbs on the one hand and the Muslim-Croat federation on the other.

It is important to stress that the contact group consists of those countries that have so far played the most significant role, and will continue to play it in the future. It is also important that Russia is also included, Hogg said, and added:

[Hogg] The contact group is engaged in two main tasks. The first is to achieve a cease-fire for a limited period, and the second is to try to find an agreement between the Bosniaks, the Croats, and the Serbs. I think that the engagement of the contact group is a big step ahead.

Ganic Urges UK To Take 'Stricter Line'

AU0305152194 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 3 May 94

[Report by Senada Cumurovic on a news conference by Ejup Ganic, member of the Bosnia-Herzegovina Presidency, after talks with Douglas Hogg, minister of state at the British Foreign Office, in Sarajevo on 3 May—recorded]

[Text] [Cumurovic] Dr. Ejup Ganic said that the discussion on the implementation of the Washington Agreement was the main topic on the agenda at the talks at the Presidency:

[Ganic] I informed our esteemed guest that we were working together with the representatives of the Croatian people in Bosnia-Herzegovina on the implementation, and that it has been going well so far. I do not see any major problems here. In a month's time we will [word indistinct] complete the bulk of the work, I think. On the other hand, I said that this is an open concept—that is how we see it—and for the Serbs who are not [word indistinct] in Bosnia-Herzegovina. This federal arrangement offers equal opportunities for all.

I also said that we (did not expect) the UK Government to insist on a solution that would accept the results of ethnic cleansing as this would be a precedent, a kind of virus that would remain and would later give a chance to someone else in another country to cause such a tragedy. I said that their [word indistinct] influence on the Serbs is completely dormant, and that we expect them to take a stricter line with the Serbs. The Serbs seem to think that they have (support) from London. These were our talks.

At the same time we said that we were cooperating with the contact group. However, we cannot give away something that does not belong to us, something that belongs to the people. We politicians have only a limited mandate when it comes to private property. We particularly spoke about cities, as most of the cities that have been occupied [words indistinct] were inhabited by Bosniaks as the majority nation. This is [word indistinct] entire infrastructure, cinemas, post offices, sewage system, roads, streetlights, all that belongs to the people who live there. Everyone knows what is whose. We want a solution to be reached in that context.

[Cumurovic] I consider the implementation of the Washington Agreement an important step in halting the war here, Douglas Hogg, UK Foreign Office minister, said. [passage indistinct]

Silajdzic Says Serbs 'Disrespect' Ultimatum

LD0305224794 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2200 GMT 3 May 94

[Text] Bosnia-Herzegovina Prime Minister Haris Silajdzic had a telephone conversation with U.S. President Bill Clinton's special envoy Charles Redman. Mr Redman informed Prime Minister Silajdzic on the arrival of a contact group in Sarajevo on Thursday, 5 May. The Bosnia-Herzegovina prime minister informed Redman that the negotiations have been brought into question because of the disrespect for the NATO and UN ultimatum on the withdrawal of the aggressor forces from around Gorazde. Silajdzic emphasized the aggressor forces did not withdraw to a distance of three km from Gorazde and did not withdraw their heavy artillery from the 20 km exclusion zone from the town center as demanded by the ultimatum.

Karadzic, Akashi Discuss Issues in Pale

LD0305202394 Belgrade TANJUG Domestic Service in Serbo-Croatian 1855 GMT 3 May 94

[Excerpts] Sarajevo, 3 May (TANJUG)—Radovan Karadzic, president of the republic of Srpska, said in Pale today that the Serbian side has offered a truce in the Brcko area and added that the cease-fire would be implemented unilaterally, even if the Muslims refuse to accept it. [passage omitted]

"We also discussed the situation in Sarajevo and agreed on the need for the UN Protection Forces [UNPROFOR] neutrality and restraint, and the warring sides' self-control. We included this in the discussion on a global cease-fire which the Serb side underlined as being in its interest—something I also discussed with Haris Silajdzic," Akashi said. The UN secretary general's special envoy assessed today's talks as "a good basis for making progress in the peace process," adding that he thought "progress might be achieved in the near future."

In reply to a reporter's remark that the Muslim side is complaining about the presence of the Serbian militia in the Gorazde exclusion zone, Karadzic said that the United Nations will be controlling the militia and that UNPROFOR has already assumed responsibility for the job. This was confirmed by Yasushi Akashi. We agreed that the police will be performing its tasks under the supervision of UNPROFOR and our civilian police, Akashi explained.

Replying to questions about a recent armed clash between UNPROFOR and the republic of Srpska army near Tuzla, Akashi said that this incident was discussed in great detail.

"We presented our version of the event and heard the Serbian version, agreeing that similar situations should be avoided in the future and that things should be resolved at the local level," Akashi said. It was also agreed at the Pale meeting that members of UNPROFOR's British battalion—who have been stranded in Rogatica for several days now—should be allowed through to Gorazde under conditions acceptable to both sides.

AFP Reports Meeting

AU0305152794 Paris AFP in English 1506 GMT 3 May 94

[Text] Zagreb, May 3 (AFP)—UN envoy Yasushi Akashi called on Bosnian Serb leader Radovan Karadzic Tuesday [3 May] to allow UN observers into "critical areas," including the expected key flashpoint of Brcko, a UN spokesman said here. Akashi wants the monitors deployed to stabilize the conflict ahead of ceasefire talks, said Michael Williams, Akashi's spokesman, ahead of the UN envoy's meeting with Karadzic.

"Mr. Akashi will be pressing the point that it would be advisable to obtain an enhanced UNPROFOR observation in critical areas in order to stabilize the situation in anticipation of possible ceasefire negotiations," Williams said.

Brcko, in northeastern Bosnia, is thought to be the Serbs' next target after their standoff over Gorazde. Seizure of Brcko would widen a strategic corridor linking Serbia and Serb-held areas in northwestern Bosnia.

Akashi and UN Protection Force (UNPROFOR) commander General Bertrand de Lapresle began talks with Karadzic during the afternoon in the Bosnian Serb stronghold of Pale, the TANJUG news agency reported late Tuesday afternoon. "We are hoping that something positive in that regard will come out of the meeting this afternoon," Williams added. Earlier in the day Akashi met Bosnian Government leaders in Sarajevo.

Several western sources have reported concentrations of Serb and Bosnian Moslem forces near Brcko. Military experts have predicted it would their next strategic target after Gorazde.

Army: Serbs 'Planted' Arms in French Convoy

AU0305202894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 3 May 94

[Text] The fact that the chetnik security services are aiming to discredit the international humanitarian organizations that deliver aid to the citizens of Sarajevo is confirmed by the latest case where they planted ammunition in a convoy of the French humanitarian organization Premiere Urgence. This is stated in a communique from the Bosnia-Herzegovina Army Press Center.

After stopping the French humanitarian convoy, the chetniks took the drivers and the convoy escorts to Hotel Srbija, and parked the trucks in front of it. The operation to plant the ammunition in the trucks was organized by Miso Mijatovic, chief of the chetnik security services in Ilidza. He supervised the following members of the

aggressor's military police: Sasa Rodnik, Captain Branislav, Dragan Draskovic, Boban Djurkovic, Gavro Grubacic, and Zoran Subotic, who brought the ammunition from a military warehouse in Luzani, and planted it the same evening among the humanitarian packages.

In the morning the trucks were inspected in front of the organizer and the members of the humanitarian convoy, while the SRNA TV team was already on the scene, who filmed and later broadcast the alleged discovery of the crates with the ammunition.

This is contained in the statement by the Bosnia-Herzegovina Army Press Center.

Aid Workers Held by Serbs Risk Death Penalty

AU0305195794 Paris AFP in English 1854 GMT 3 May 94

[Text] Paris, May 3 (AFP)—Three out of 11 French aid workers held by the Bosnian Serbs near Sarajevo risk the death penalty or jail terms of up to 20 years, a spokesman for the relief agency Premiere Urgence (First Aid) said on Tuesday. The 11 members of Premiere Urgence were imprisoned in a Serb barracks at Lukavica, a suburb of the Bosnian capital Sarajevo, on April 8 after their aid convoy was intercepted and on Monday, three of them were indicted for transporting arms to the Bosnian Moslems.

Spokesman Pascale de Lomas said judicial investigation of the case against the three would likely end on May 8 and their trial would follow immediately. The eight others would be freed. The parents of the only woman in the group, Patricia Ettouati, said the 11 were being held in the same room and were in good health, but had lost weight because of "foul food".

The Bosnian Serbs first proposed swapping the aid workers for 11 Serb doctors and nurses held in Sarajevo by the Moslems.

Premiere Urgence, which has been active in Bosnia transporting food parcels to Sarajevo with the agreement of the United Nations High Commissioner for Refugees, will send lawyers and observers from Amnesty International and the International Federation of Human Rights to the trial, to be staged in the Bosnian Serb capital of Pale.

French Foreign Minister Alain Juppe has called the arrest of the 11 "hostage-taking" and demanded their "immediate and unconditional" release.

French UN Troops Intercept Serbian Tank

AU0305172794 Paris AFP in English 1703 GMT 3 May 94

[Excerpt] Sarajevo, May 3 (AFP)—[passage omitted] UNPROFOR spokesman French Major Eric Chaperon said a Serb T-34 battle tank was intercepted overnight by French troops near the Lukavica barracks—right in the heart of the NATO exclusion zone on heavy weapons around Sarajevo ordered in February. Both here and in the eastern town of Gorazde, heavy weapons were building up again in the exclusion zones "drop by drop," the spokesman said. Informed military sources also reported increased Bosnian Government army activity in the Mount Igman region overlooking Sarajevo, with units being relayed by fresh troops. The Serb tank was heading that way. [passage omitted]

Spokesman Denies UN Troops Blocked By Serbs

AU0305115494 Paris AFP in English 1058 GMT 3 May 94

[Text] Sarajevo, May 3 (AFP)—British troop reinforcements heading for the besieged Moslem town of Gorazde in eastern Bosnia were held up for the fourth day running by Bosnian Serbs on Tuesday, UN officials said. Major Eric Chaperon, spokesman for the UN Protection Force [UNPROFOR], said the 168 soldiers and 51 vehicles were blocked at Rogatica, 35 kilometres (20 miles) from Sarajevo, and were unable to move forward or to retrace their steps. He said only that the British troops were being blocked "for administrative reasons." French and Ukrainian troops in the same convoy, which left Sarajevo on Saturday, were allowed to carry on and reached Gorazde on Monday. Chaperon dismissed suggestions that the British were "hostages." "We have not used the term 'hostage' in similar past incidents and we have no reason to use it now," he said.

Radio Reports Serbian Attacks on Brcko

AU0405094894

[Editorial Report] Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian at 0800 GMT on 4 May within its regular 8-minute newscast carries several reports on the situation in the republic.

Hamiz Deronjic reports that "artillery attacks on the defense lines of the free Brcko territory are becoming more and more frequent and intensive. Thus, during last night, the Serbian aggressor fired 82-mm mortars on the positions of the 108th Motorized Brigade and the 108th Infantry Brigade, as well as [word indistinct] units of the 2d Corps in Krajinovici, Vitanovici, [name indistinct], the central section of the battlefield, and the region of Modrica. The region of Vranovaca was exposed to the most intensive fire from 82-mm and 120-mm mortars. The aggressor has been incessantly regrouping his forces on the Brcko battlefield. (?Major) movements of the enemy's armored-mechanized equipment were observed on the central sector of the Brcko battlefield last night."

A report by the Press Center of the 3d Corps read by an unidentified correspondent says that "chetnik provocations on the Teslic battlefield" have become too much and that "yesterday, our forces carried out a strong counterattack whereby they took (Veliki Karanovici) and pressed the enemy deeply toward (Blato). Fierce fighting was waged on the Zavidovici region around Mahovski Vrh and, as the final outcome, the enemy was pushed back. Chetniks are continuing to shell the zone covered by the 7th South Operations Group. A 90-mm self-propelled gun [samohodka) at (Lovzije) shelled the village of Miljkovac, [name

indistinct] and Alibegovici. With 82-mm and 120-mm mortars, they showered the village of Lepenica where a child was wounded. The fact that the chetniks are going to continue such activities is shown by a column of five tanks that is heading toward (?Putnikovo Brdo)."

Viktor Boban reports from the Bosna Operations Group Press Center on "strong artillery fire by the aggressor on the Mahovski Vrh defense lines yesterday. The chetniks followed the artillery attack with a strong infantry assault trying to break through this defense line of the free Zavidovici territory. After heavy fighting, in the afternoon, the chetniks were pushed back to their original positions." Further on, Boban says that "following their defeat, the Chetniks have been fire fiercely on all defense lines as well as on populated places. Villages were occasionally shelled with 82-mm and 120-mm mortars until late into the night. Infantry arms attacks were launched on the stable defense lines of the 201st Chivalrous Brigade in Maglaj. Karadzic's paramilitary formations are still regrouping themselves, as well as bringing in new forces and military hardware, so new attacks on the zone covered by the Bosna Operations Group are to be expected."

Mirza Sadikovic reports on the situation in the Bihac region saying that "[Fikret] Abdic's paramilitary was firing antiaircraft weapons and heavy machine-guns all last night" and that "the morning hours are passing as usual, with provocations on almost all sections of the zone covered by the 5th Corps of the Army of Bosnia-Herzegovina and the Main Headquarters of the Croatian Defense Council [HVO] of the Bihac region."

Serbs Offer Unilateral Truce

LD0305182194 Belgrade TANJUG Domestic Service in Serbo-Croatian 1743 GMT 3 May 94

[Text] Sarajevo, 3 May (TANJUG)—President of the republic of Srpska Radovan Karadzic said in Pale today that the Serbian side had offered a truce in the Brcko region and added the truce would be implemented unilaterally, even if the Muslims did not accept it. Karadzic held over three hours of talks in Pale with Yasushi Akashi, the UN secretary general's special envoy, and after the talks expressed satisfaction with the outcome.

"This is a very good example of cooperation, for we achieved significant progress at the talks today. Primarily, we cleared some problematic aspects of the situation in Sarajevo, Gorazde, and Brcko," Karadzic told reporters. "We offered the Muslim side a truce in the Brcko area, and if they do not accept, it we shall implement it unilaterally. If the Muslims agree to the deployment of military observers on both sides in the Brcko region, it will be a good example of a preventative action aimed at ending the crisis," Karadzic said.

Yasushi Akashi said they agreed to continue work on the stabilization of the overall situation, in particular in Gorazde, in accordance with an agreement reached in Belgrade.

"We also discussed the events around Tuzla and Brcko, where some military movements have been registered," Akashi said.

Serbs Reportedly Shell Gorazde Front

AU0405105894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 4 May 94

[Report by Fahrudin Becic]

[Text] The people of Gorazde remember 4 May as the beginning of the aggression on this town. Just as they did two years ago, chetniks attacked this morning as well. They were shelling defense lines at the northwest section of the battlefield. They opened mortar and intensive infantry fire at the Pobjeda Factory from Grbavo Brdo. The situation was the same along the entire line of separation at the left bank of the Drina. They were peaceful at the right bank this morning, but despite all decrees, resolutions, and ultimatums, they are still positioned only several hundred meters away from the town center. UNPROFOR [UN Protection Force] forces are trying to do something, but without effect. They are explaining this by the fact that they have no authorization and precise instructions from their superiors and that they are waiting for results of the Silajdzic-Akashi and Karadzic-Akashi talks.

The Chetniks, however, are not waiting at all. They continue plundering, carrying out provocations, blackmailing, and distorting facts. This could certainly not be done without influential sponsors in the United Nations.

Serbs Regroup Around Sarajevo, Caution Advised

AU0305182894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 3 May 94

[Text] Probably thanks to Mr. Akashi's visit, the chetniks have reduced the number of cease-fire violations in Sarajevo today. Still, their snipers have managed to wound one civilian today near the Simon Bolivar primary school in Dobrinja. They also fired with an antiaircraft machine gun from Azici on the city's free territory. Throughout the day they have been carrying out tactical regrouping of men and equipment in various directions, and grouping of their army on certain positions around Sarajevo. There are indications that their sniper fire and other military activities could intensify, so the citizens are reminded to take seriously all the caution warnings.

This is reported by the [Bosnia-Herzegovina Army] 1st Corps Information Center.

Serbs Reportedly Shelling 'Free Zvornik Territory'

AU0405113594 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 4 May 94

[Text] After an infernal day yesterday, in the evening the aggressor continued barbarously shelling civilian populated places in the free Zvornik territory until late last night. Kovacevici and Vitinica were shelled with T-55

tanks from Androvici, Sapna was shelled with 120-mm mortars from Kiseljak, and houses were destroyed in Godus with a 205-mm howitzer from the direction of Celopek. A multiple rocket launcher operated at the Medjedja region from the direction of Kiseljak launching projectiles of huge destructive power. Five civilians, including three children less than 10 years old, were wounded as a result of this special chetnik shelling.

Our defense positions were also exposed to constant fire from all kinds of weapons and artillery pieces. In the morning, the shelling with the most destructive long-range artillery pieces continued, but despite this, defense lines have remained firm and unchanged.

This was a report by the Information Service of the 206th Chivalrous Brigade of Zvornik for the Radio and Television of Bosnia-Herzegovina.

TANJUG Reports Muslims, Croats Firing on Serbs

LD0305220294 Belgrade TANJUG in English 2003 GMT 3 May 94

["Serb Village Dzindici Under Strong Moslem Fire"—TANJUG headline]

[Text] Bileca, May 3 (TANJUG)—Moslem forces in Bosnia on Tuesday [3 May] opened strong fire on Serb combatants positions in the village of [word indistinct] by the Dzindici, eight km southwest of Gorazde, it was announced by the commander of the army of the Bosnian Serb republic [passage indistinct]

In a simultaneous action, a Moslem unit tried to row across the Drina to its right bank but was forced back by Serb forces. The regular Army of Croatia went into action for a second time in the past four days on the Trebinje battlefront when, from the occupied village of Zavale, it attacked Serb positions in Mareva Ljuta. The Serb side did not respond, it was announced. Moslem forces launched provocations in the upper reaches of the Neretva around the locality of Konjic, opening anti-aircraft gun [word indistinct] sniper fire on Serb positions in this section of the battlefront, but there were no consequences for the combatants of the Herzegovina Corps.

In the Doboj region, Moslem forces continued their offensive and provocative combat actions aimed against Serb positions. In addition to intensified small-arms fire along the contact line, Moslem forces acted most fiercely from the direction of Bejici whence they fired 82-mm mortars sporadically on Serb positions west of Doboj.

Croats Reportedly Attack Muslims in Mostar

LD0305123894 Belgrade TANJUG Domestic Service in Serbo-Croatian 1052 GMT 3 May 94

[Text] Belgrade, 3 May (TANJUG)—Croatian Defense Council [HVO] forces and regular Croatian Army units have resumed their provocations by firing from infantry weapons at Muslim army positions in the Mostar area, the Muslim Radio Sarajevo said today. According to the information service of the Fourth Corps of the Muslim army, since yesterday Croatian troops have been using mortar and antitank missiles for attacks on the Mostar battlefield. According to the Muslim radio, this is yet another indication that the extreme part of the HVO has still not given up its expansionist ambitions and its ultimate goal of dividing Mostar.

Serbian Attacks Reported

AU0405120094 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 4 May 94

[Text] In the zone covered by the 4th Corps, yesterday passed as usual. Usual means that constant infantry and artillery fire was opened on civilian places and positions of the fighters of Bosnia-Herzegovina from the positions of the Serbo-Montenegrin aggressor. The situation was such on the Mostar battlefield, the region of Blagaj, where chetniks operated with an antiaircraft machine gun on Ravnica. On the opposite side of the zone, in the region of (Bjelimica), the chetniks used an antiaircraft gun, antiaircraft machine guns, and a tank to operate on the villages of Mokro and (Jargul) and in the morning, they acted with a ZIS gun and an antiaircraft gun on the village of Ocrkavlje.

Night was calm on the Konjic battlefield, as well as in Jablanica, the Neretvica Valley, and the region of (?Prozor).

This was a report by the Information Service of the 4th Corps.

Aid Convoys Resume Throughout Serbian Territory

LD0305140394 Belgrade TANJUG Domestic Service in Serbo-Croatian 1332 GMT 3 May 94

[Excerpt] Zvornik, 3 May (TANJUG)—Transportation of aid through the territory of the republic of Srpska resumed today in accordance with the Serb side's decision fully to normalize humanitarian aid transportation, TANJUG has learned from the command of the republic of Srpska army's Zvornik garrison. Like yesterday, a UNHCR [UN High Commissioner for Refugees] humanitarian aid convoy crossed the Drina River near Zvornik carrying prefabricated homes for the Muslim enclave of Srebrenica. A logistics convoy of 18 vehicles and 40 French UNPROFOR [UN Protection Force] members has left for Sarajevo. [passage omitted]

Tudjman Receives Bosnian Vice President

LD0305141194 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 3 May 94

[Text] President Tudjman has received Edib Bukvic, vice president of the Republic of Bosnia-Herzegovina, at the Presidential Palace. They talked about President Tudjman's forthcoming visit to the Republic of Bosnia-Herzegovina and the implementation of the Washington agreement. President Tudjman stressed in this context that every effort should be made to implement this agreement as soon as possible. Their meeting was also attended by Branimir Jaksic, the president's deputy chief of staff, and spokeswoman Vesna Skare Ozbolt.

Croatian Government President Nikica Valentic also talked with Edib Bukvic. Following the meeting, Vice President Bukvic said in a press statement that he talked with Prime Minister Valentic about the implementation of the Washington agreement in Bosnia-Herzegovina and the resolving of the problems that emerged between the two states during the blockade. They discussed mostly economic issues, the problem of ownership, savings deposits, and visas, Bukvic noted. He said that there was a high degree of agreement and a mutual desire to resolve these problems.

President Valentic said that in the part of the talks relating to the economic aspect of the Washington agreement they discussed in particular the opening of roads and the flow of goods and people. They agreed that the mixed economic commission of Croatia, Bosnia-Herzegovina, and Iran should speed up its work on joint representation in third countries. Prime Minister Valentic said that there are large-scale construction projects in Islamic countries which should be seen as an opportunity to consolidate joint positions as well as to improve the standing of firms from Croatia and Bosnia-Herzegovina.

Valentic Meets With Bukvic

LD0305194994 Zagreb HTV Television in Serbo-Croatian 1730 GMT 3 May 94

[Text] Nikica Valentic, the prime minister of the Croatian Government, had talks with Edib Bukvic, deputy prime minister of the Bosnia-Herzegovina Government. Following their talks behind closed doors they talked to our reporter Maja Sever.

[Begin recording] [Sever] Mr Bukvic, I ask for a brief statement for Croatian TV. What is the reason behind your visit and the issues raised at your meeting?

[Bukvic] Well, the reason is clearly the implementation of the agreement on the federation of Bosnia-Herzegovina and the resolving of the problems accumulated in the period of blockade between the two republics—the Republic of Bosnia-Herzegovina and the Republic of Croatia. Mr Valentic and I discussed how to solve some economic problems regarding ownership rights, communications, traffic, deposits, visas etc. I believe we are on the right path to solve these problems and there is a high degree of desire to solve the problems to mutual satisfaction.

[Sever] Mr Valentic, has any agreement been reached?

[Valentic] Mr Bukvic said we are dealing with the implementation of the economic aspect of the Washington agreement. Normalization has already started. It is of particular importance to have roads opened and to restart the flow of goods and people. I believe, in this respect, we have already taken the first steps.

It is a very important fact that we have agreed that we are going to speed up the work of the mixed economic commission, comprising representatives of Croatia, Bosnia-Herzegovina, and Iran—something that was agreed in Teheran. Hence, firms from Croatia and Bosnia-Herzegovina will be able to jointly approach third countries, particularly Islamic countries where large-scale investment projects are about to take place. Here we see a great chance for our firms, something that will, on the one hand, consolidate our relations and, on the other, consolidate the standing of both Croatian and Bosnia- Herzegovina firms. [end recording]

Tudjman, Hogg Discuss Negotiations With Serbs

LD0405084594 Zagreb Radio Croatia Network in Serbo-Croatian 0700 GMT 4 May 94

[Text] Last night, Croatian President Franjo Tudjman had talks with Douglas Hogg, minister of state in the British Foreign Office. According to Hogg, the talks focussed on the negotating process between the Croatian Government and the local Serb authorities from the UN protected areas and the Washington agreement. Hogg emphasized that he and the Croatian president had not discussed the possibility of using external influence to resolve the issue of the UN protected areas. In Hogg's view, the London conference remained the most effective mechanism for reaching a solution.

Tudjman Asks Belgium's Claes for EU Support

LD0305192494 Zagreb HTV Television in Serbo-Croatian 1730 GMT 3 May 94

[Text] Croatian President Franjo Tudjman yesterday sent a letter to Willy Claes, Belgian deputy prime minister and foreign minister. The message, conveyed by Janko Vranicani-Dobrinovic, Croatian ambassador to the Benelux countries, requests Belgium, as one of the members of the European Union's [EU] troika, to enlist EU support for Croatia's development, which would speed up the democratization process and help to gradually resolve the problem of Croatian territories under UN protection.

Minister Claes and Ambassador Vranicani-Dobrinovic also discussed the implementation of the Washington agreements between the Croats and the Bosnian Muslims.

The Croatian ambassador underlined Croatia's interest in concluding an agreement on trade and economic cooperation, protection of foreign investments, and double taxation. Vrnicani-Dobrinovic requested that Belgium ease or abolish visas for Croatian citizens and resolve the problem of workers employed by Croatian companies in Belgium.

New Currency To Be Introduced 30 May

LD0305180494 Zagreb Radio Croatia Network in Serbo-Croatian 1700 GMT 3 May 94

[Excerpts] The Croatian dinar's days are numbered. Croatia will be introducing its own currency on Statehood Day, 30 May. As you already know, this will be the kuna. The dinar will remain legal tender until 7 June, but converting it into the new currency will be possible until the end of the year. This was revealed to reporters this afternoon by National Bank Governor Pero Jurkovic. [passage omitted]

The replacement of the Croatian dinar by the new currency of the Republic of Croatia will be realized by knocking off three zeros, according to National Bank Deputy Governor Zdravko Rogic. [passage omitted]

Defense Ministry Releases Statement on 'Incident'

LD0305141894 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 3 May 94

[Text] The political department of the Croatian Defense Ministry has issued a statement expressing sincere regret over an incident that took place at a Croatian Rights Party [HSP] promotional event in Siroki Brijeg. The ministry also says it is surprised by the insinuation, which links the ministry with the incident. We condemn all forms of violence and firmly deny any association with the events the HSP leadership is trying to use to compromise the state leadership of the Republic of Croatia and its Defense Ministry.

The short time that it took the HSP to present the incident as an attack on the Washington agreement and to say who is to blame—without any evidence—clearly shows that this media campaign is politically motivated, aimed at presenting the Croatian policy on Bosnia-Herzegovina as war-mongering and duplicituous. We hope that the implementation, in the near future, of the agreement signed between the Croat and Bosniak-Muslim people in Bosnia-Herzegovina will most effectively contradict all insinuation and slanders recently used to try to compromise the Defense Ministry and the Croatian leadership's policy on Bosnia-Herzegovina, the statement says.

The HSP claims in a statement issued today that the authorities in Herzegovina have banned an HSP promotional event in Capljina. As it now expects the other scheduled events to be banned, the HSP tour in Herzegovina is now cancelled, the statement says among other things.

HSP Marks Fascist State Event

94BA0256D Split SLOBODNA DALMACIJA in Serbo-Croatian 11 Apr 94 p 13

[Article by M.P.: "Rightism—Statehood"]

[Text] "We can free Croatia of the burden of fascism, but it is impermissible to say that we want to free it of the burden of Ustashism, because the meaning of Ustashism and Rightism is the creation of a Croatian state," said Ante Prkacin, member of the HSP [Croatian Rights Party] and Assembly deputy, at a formal forum that was organized by the HSP's Split branch on Saturday on the occasion of 10 April. Emphasizing that the NDH [Independent State of Croatia] had extraordinary significance for the Croatian people, which gained its own state after 830 years, Prkacin emphasized that how 10 April was treated today was very important, because Croatia was in the most unfavorable position of all the newly independent states, since it controlled the least of its own territory, and to a considerable extent the international community was deciding its future.

"The key thing is whether Croatia will occupy a place among the countries of Western civilization, or whether it will stop half way and resemble the South American banana republics," said Prkacin, recalling that the NDH disappeared because of the new world order, but also because of the romanticism of the Croatian communists who are called antifascists today, and he emphasized that certain lessons should be learned from 10 April, because the NDH knew who its friends were and who its enemies were.

Tomislav Opacak, member of the HSP's Headquarters, presented a report on the subject of "The Truth About 10 April and the NDH," asserting that the NDH was the result of the will of the Croatian people, and not of Italy and Germany. "The Croatian people's struggle was a necessary defense," Opacak said, emphasizing that the Ustasha movement was not anti-Semitic, since there were Jews among high NDH officials, and he concluded the report with the words: "As long as there is no deed without a defect, we cannot blink over an action like the NDH and 10 April."

Activities of 9th HOS Unit Examined

94BA0256B Split SLOBODNA DALMACIJA in Serbo-Croatian 10 Apr 94 p 10

[Interview with Major Marko Skejo, commander of the Sir Rafael Boban 9th HOS Battalion, by Damir Dukic; place and date not given: "Honorable and Ready for the Homeland!"]

[Text] *At the time when I was appointed commander, there were the right hind of young people in the battalion, but also ones who could not adjust at all to the new rules. We drove those people out of the unit. There are no units like this within Croatia's AVNOJ [Antifascist Council for the National Liberation of Yugoslavia] borders, but the*

extremely good 13th Battalion is operating in Tomislavgrad. One HOS [Croatian Defense Forces] battalion is also doing excellent work in Sarajevo, in the city itself. It has been incorporated into the Army of Bosnia-Herzegovina there, and is fighting against the chetniks. My ambitions are not associated with the army. I was a businessman, and I will be again. It has been an extraordinary honor for me to make my contribution to the achievement of the independent state of Croatia.

Marko Skejo, commander of the 9th HOS Battalion, heads the only remaining complete unit from the numerous ones that were organized by the Croatian Rights Party [HSP] at the beginning of the patriotic war in 1991, under the common name of the HOS. It is not just that the 9th Battalion, under Skejo's command, has continued to exist; it has also been restructured and adapted in such a way that it fit completely into the Croatian Army, as a regular and highly valued unit. Major Marko Skejo himself has had a wartime career typical of most volunteers—from the reserve forces of the Interior Ministry and independent organizations in local communities, to a real army.

[Skejo] After the chetniks abandoned the Dracevac barracks in Split, we were told to go to the battlefield in the rear. I gathered 22 young volunteers, and as an HOS platoon, we left for the Drnis battlefield, where we joined the 4th Guards Brigade. After two months, around Christmas of 1991, the Fourth left that line, but we joined the 114th Brigade, and have remained with it to this very day. The four platoons of the 9th Battalion, however, were attached to the Fourth at its very formation, at the time when the battalion was commanded by Jozo Radanovic.

[Dukic] Then you were already part of the regular Croatian Army?

[Skejo] Naturally, the Sir Rafael Boban 9th Battalion, from its creation to this day, has been under the command of the Croatian Army's General Staff. We conducted ourselves mostly as part of the 114th Brigade, but we were not integrated, and instead we acted in platoons within various Croatian Army brigades on all the battlefields from Zadar, through Sibenik, Drnis, and Livno, all the way to Vinkovci, Vukovar, and Nijemac. A total of about 5,500 fighters passed through the battalion during that whole period.

Croatia in Miniature

[Dukic] That is a considerable number of people. What is the reason for that? Was it easy to get into the battalion, and even easier to get out?

[Skejo] The battalion had three camps for training soldiers. When the war flared up, people were trained, they left the camps after one month, and they went to Zenica, Jajce, Travnik, Bugojno, wherever they were needed.

[Dukic] And where were the battalion's members from?

[Skejo] In the beginning they were primarily from the Split-Dalmatian parish, but afterwards from all parts of Croatia. Even now we have people from Varazdin, Osijek, people from the Sava basin in Bosnia, central Bosnia, Herzegovina, from Vinkovci, from all over.

[Dukic] When were you appointed the unit's commander?

[Skejo] On 1 July 1992. I immediately came up with the idea of uniting what had until then been a dispersed battalion. We came together, and since we were acting as part of the 114th Brigade, we left for the southern battlefield, complete for the first time. Some of the members who were used to operating with other units had doubts. Nevertheless, in that first assembly there were 130 of us, but afterwards the number increased significantly and continuously.

[Dukic] It is said that among the members of the battalion who were a bit wilder, unadjusted, you introduced order and discipline, disciplining them to an enviable level.

[Skejo] That is true, I demanded discipline and I still do. At the time when I was appointed commander, there were the right kind of young men in the battalion, but there were also ones who could not adjust to the new rules at all. We drove those people out of the unit, so today, for a considerable time now, we have had a cadre of fighters, professional soldiers, serious and familiar people who are honorable and "ready for the homeland." They are capable of performing their sacred duty of defending the homeland honorably and completely.

Counterintelligence Service Lies

[Dukic] Is the battalion well organized today?

[Skejo] The unit's organization has been carried out in accordance with all the rules of the profession, with a well-developed system and sections consisting of infantry, artillery, missile launchers, reconnaissance specialists, and command personnel, and it is all functioning extremely well. We have also received praise, both individuals and the unit as a whole, for the missions carried out in the Zadar rear. In any case our results throughout this war have been great, and everything that the battalion did was done on the battlefield and in operation against enemy military targets.

[Dukic] Members of the HOS, and thus also the 9th Battalion, however, have often been criticized for brutality, action against civilians, and harsh words have even been heard about crimes that have been committed.

[Skejo] By no means, not in any case. We have never acted against civilian targets, and I can substantiate that. It is not in order to characterize these fighters as undesirables, extremists, or butchers, because they are real sons of Croatia who only attacked military targets under orders, and I am proud of those guys.

[Dukic] All right, but why have you, as a unit, gained that reputation?

[Skejo] The Counterintelligence Service [KOS] is still functioning well in all of this; it wants to have a pretext for Serbian crimes, and furthermore, it wants to portray us and convince the Croatian Army headquarters and General Staff that we are damaging to Croatian interests and that we do not deserve to be called honorable soldiers, all of which is not true. Those are all lies in the interests of structures that still cannot accept the existence of the Croatian state.

The Typhoon Passes

[Dukic] Can you say that your battalion has "done" its wartime job thoroughly?

[Skejo] Yes. When an operation starts, then there is no haggling like in the marketplace: I'll do this, I won't do that, and instead it happens, the typhoon passes. It is possible that some civilian may also suffer in that onslaught, but not deliberately, but rather because battles are being fought. If the chetniks are in three houses, who can guarantee that they are not in a fourth one, and who will review all the details then? There is no giving up then. Either you fight as you have to, or you don't start.

[Dukic] During 1992, the HOS units mostly collapsed. Has any other such unit been preserved besides yours?

[Skejo] There are no longer any such units within Croatia's AVNOJ borders. The 13th Battalion is operating extremely well in Tomislavgrad, however. One battalion is also doing excellent work in Sarajevo, in the city itself. It has been incorporated into the Army of Bosnia-Herzegovina there, and it is fighting against the chetniks. There is nothing surprising about that, because we and the Muslims are capable of defeating our common enemy and breaking through to our borders. In any case, we have always adhered to the military hierarchy, instructions, and orders, being careful not to harm Croatian policy and state interests.

[Dukic] How many casualties has the unit had during the war?

[Skejo] Since I have been commander, we have lost seven soldiers, but the battalion has had a total of 43 dead and more than 200 wounded. Nothing is known yet, however, about some of our members, especially those who left for Bosnia, and they are being treated as missing in action. I must say that the status of the families of the casualties, the wounded, and the other troops has been effectively resolved within the framework of the Croatian Army.

I Don't Shout "To the Drina"

[Dukic] It seems that the war is approaching its end. How will it all be completely resolved?

[Skejo] I think that the chetniks will not withdraw just like that. Whatever happens, we are ready to do our job at any time, whenever it is ordered by the Croatian Army's commander in chief and the General Staff. Our original enthusiasm has not waned, and if we are given an order, if we are unleashed, the chetniks will not know where to flee. We have already asked for that, but we have not been allowed.

[Dukic] If the war is resumed, then, the chetniks would give way. What would be the outcome of a clash between the 9th Battalion and one of the Serbian units that they call special ones, for example?

[Skejo] I never underestimate the enemy soldiers, but we do not have any fear of "Captain Dragan's" special forces, or any of Arkan's or Seselj's people, and so forth. We are always ready to engage in conflict with anyone. We have been and will always be eager to encounter those units. They have already had opportunities to encounter the 9th Battalion, and so they know quite well who and what we are.

[Dukic] What awaits the members of the 9th Battalion in the event of a peaceful outcome?

[Skejo] I have been promised that their status will be completely straightened out; they will be allowed to remain in the Croatian Army, get further training....

[Dukic] How do you see your own future?

[Skejo] My ambitions are not associated with the army. I was a businessman, and I will be again. It has been an extraordinary honor for me, however, to make my contribution to achieving the independent state of Croatia.

[Dukic] Does that mean that with the peaceful integration of the occupied areas, your dream would be fulfilled?

[Skejo] I am not one of the people who are shouting "To the Drina" in the present situation, but I still maintain that our historical borders are much larger than the present ones. Our leadership, headed by Dr. Franjo Tudjman, has made it possible for us to fight for our state, however. For the time being I support liberating the territory up to the AVNOJ borders, and afterwards, we will see. I would not cross the Drina, but I will always go up to it.

[Box, p 10]

[Skejo] Croatian soldiers who are of the Muslim religion have fought in our unit from the first day to this very day, shoulder to shoulder with the Catholics. They have not been neglected or belittled at any time because of the conflicts in Herceg-Bosna between the Croats and Muslims; and the 9th Battalion would never fight the Muslims, or participate in a battle with them even if it were by some chance asked to do so.

[Box, p 10]

Break-ins Into Apartments

[Skejo] About a thousand military apartments have been broken into in Split, but a fuss is always raised when a member of the 9th Battalion is involved. That means that someone is carefully watching us and immediately publicizes every faux pas in order to slander us. It is well known who is keeping track of that and who does not like us. They are anti-Croats with a five-pointed star in their pockets who have been allowed to operate again. Now they are also slandering real sons of Croatia, serious invalids, casting their patriotism and morale under their feet.

[Dukic] But isn't the state obligated to protect law and order?

[Skejo] I ask you—these are cases in which soldiers without legs or arms or those who have been blinded on the battlefield enter a chetnik apartment whose owners have bloodied their hands and are on the opposing side. Such people are being protected again. You know, we are not skilled in legal and bureaucratic difficulties; we are more skilled at shooting. The Croatian Army's real commanders, especially Brigadier Ante Gotovina, know quite well what kind of soldiers we are, and thanks to him we have solved many problems. It is time, however, for petty political games to stop revolving around us; people should start to tell the truth, sincerely and honestly. I hope that responsible people will finally realize this and allow us to straighten out the status and rights that all Croatian soldiers have. Nothing more! We cannot be illegals in our own country, while JNA [Yugoslav People's Army] officers and chetniks enjoy privileges in the state for which we have died and shed our blood.

Achievements of Unit Praised

94BA0256C Split SLOBODNA DALMACIJA in Serbo-Croatian 11 Apr 94 p 13

[Article by S.Lj.: "9th Battalion From All the Battlefields"]

[Text] *Ante Prkacin, Assembly deputy and member of the HSP [Croatian Rights Party] Headquarters, and Major General Mate Sarlija Daidza were present at the formal review of the 9th Battalion of the 114th Brigade.*

"It is an extraordinary honor for me to welcome the best sons of Croatia on behalf of the HSP's Headquarters and to congratulate you on the third anniversary of your founding and combat activity," said Assembly deputy Ante Prkacin on the occasion of the formal commemoration of the third anniversary of the founding of the Sir Rafael Boban 9th Battalion of the 114th Brigade on Sunday at the Visoka barracks.

Later in his speech, Prkacin spoke about the unfavorable external and internal reasons that led to the collapse of the NDH [Independent State of Croatia], emphasizing that at that time the Croatian people was not as cohesive and homogeneous as today in fulfilling the Croatian state, but the leadership at that time was well aware who the enemies of the Croatian people were, creating a strong anti-Serbian front from members of the Croatian and Muslim population, ready to give their own lives for freedom.

The members of the 9th Battalion were also congratulated on the third anniversary of the founding of the Sir Rafael Boban battalion by the commander, Major Marko Skejo, Major General Mate Sarlija Daidza, and Mate Gotovac, president of the HSP's Kastelanec branch. Major Marko Skejo emphasized that the members of the Sir Rafael Boban battalion had fought bravely throughout Croatia, and commented that the heroic unit had more dead and wounded than some entire Croatian parishes.

"The families of the dead are therefore sacred to us, and our concern for them must never cease," Skejo said, adding that the members of the HOS [Croatian Defense Forces] were precisely the ones who had frightened the Greater-Serbian enemy the most with their courage, and put an end to Yugoslavia and communism. Finally, Skejo emphasized that the motives of the grandfathers and fathers who had once fought for Croatia, and the motives of their sons, were completely identical, namely love for their homeland, and he warned that cheap political games could not be played with respect to members of the HOS, and demanded the same status for all Croatian defenders who rose in defense of our homeland.

A review of the Sir Rafael Boban 9th Battalion was also conducted at the Visoka barracks, with the anthem "Lijepa nasa" being sung, and deputy commander Mice Cuk presented a report to the battalion's commander, Major Marko Skejo. Finally, refreshments were arranged, and thanks were expressed to the members of the Sir Rafael Boban battalion.

Dispute of Shareholders, Privatization Fund

94BA0256A Split SLOBODNA DALMACIJA in Serbo-Croatian 14 Apr 94 pp 6-7

[Article by Miomir Strbac: "Transformation Conflict in 120 Pictures"]

[Text] *The Privatization Fund's right to increase the value of its principal and the buyer's ownership package by approving additional capitalization of enterprises is viewed by small shareholders as robbery, and by the presidents of commercial courts as "a flagrant violation of rights," but the fund retorts that "they are interpreting the law in a hostile manner and undermining the state." The dispute over additional capitalization, which was sparked by the case of Split's Dairy, is currently before the Constitutional Court, and 120 buyers are in doubt as to whether what they have bought will be granted them.*

The case is called U-171/94, and it is just now in the process of being resolved by the Constitutional Court. The problem that is being dealt with within the covers of the documents with that designation, in dry lawyers' language, is designated as "additional capitalization—entry in the registry." In practice, however, during

discussions of that same subject completely different expressions are being used, and thus some people are talking about theft and robbery, others about a flagrant violation of the rights of small shareholders, and yet others think that the statements of the former (and to some extent the latter) are "a hostile interpretation of the law equivalent to destruction of the state."

Just the harsh words used in those verbal clashes indicate that this is a hot dispute, and when it also turns out that the "former" are small shareholders (and a large number of ordinary citizens), the "latter" are the presidents of Croatia's commercial courts, and the "yet others" are the Croatian Privatization Fund, it is clear why the entire problem has been transferred to the Constitutional Court, before too much of a public hue and cry could be raised and before teams of supporters could be formed.

From Disputes to Arrests

Nevertheless, while the constitutional judges, in the peace of the country's highest judicial institution, are leafing through and analyzing the materials they have received, the polemics, nervousness, and conflicts outside of that court building have not stopped. Furthermore, one of the incidents that have emerged in the dispute over the case of "additional capitalization—entry in the registry," namely Split's Dairy, resulted a few days ago in the arrest of the protagonists of that additional capitalization, Sinisa Caktas, Ivo Cecuk, and Ferri Toth, with an uncertain outcome. At the same time, as many as approximately 120 transformations in Croatia have been completed following the model over which the "constitutional war" has been started, and so now a big question mark is written over each of them. Let us go in order, then.

Everything started back in February 1993, when amendments to the Law on Transformation restricted the right of employees and other privileged groups to purchase shares to 50 percent of the assessed value of an enterprise. The Privatization Fund, to which the rest of the shares were required to be transferred, however, was given the right to sell them to the highest bidder after publishing a public advertisement for that purpose. Sales of shares following that model started in mid-1993, and as a rule the bidders, along with buying an offered package of shares in a given enterprise, also offered additional capitalization in varying amounts. At that time such an arrangement seemed indisputably good and desirable, both from the standpoint of the buyer of the shares, the Privatization Fund (and thus the state), and probably also the small shareholders.

In fact, it turned out, logically, that investors are not willing to invest hundreds of thousands or millions of German marks [DM] in shares in any enterprise without obtaining a majority ownership and management package. That was ensured precisely through additional capitalization, which increased the firm's capital and expanded the shareholder stock, which was 50 percent larger in the buyer's hands. As far as the state is concerned, its calculation was that additional capitalization meant fresh capital that would help restructuring, modernizing, and developing the firms sold, and would accelerate desirable privatization. For the same reason, employees were supposed to believe that additional capitalization and privatization would bring them new economic vitality, a more certain future, and higher wages.

The Shareholders Do Not Believe It

We say "were supposed to believe" because it soon turned out that at some enterprises the small shareholders, above all, believe that through the decision on additional capitalization of their firm without their consent, the fund was unfairly seizing control over the enterprise and their own fate out of their hands, and leaving them at the mercy of a private businessman who, as he saw fit, could declare them surplus, dismiss them, pay them badly, or disband and sell off "their" enterprise. Those are the cries with which the first protests began—i.e., at the level of raising an uproar over justice and robbery—and since they began very soon to embrace ideas about the Privatization Fund's illegal action and arbitrary action in all this, the fund decided to protect itself. At the end of last year, without any opposition whatsoever from the Assembly deputies, it proposed and obtained an amendment to the Law on Transformation that authorized it to increase, by its own decision, the principal of an enterprise being transformed into a stock company by the amount of additional capitalization that was accepted. It seemed that everything was now all right, as least as far as the legal aspect was concerned.

As ill luck would have it, the Zagreb enterprise Pismorad appealed to the Croatian Constitutional Court to investigate the legality of that legal authorization for the fund, and then the presidents of all the commercial courts in Croatia met in Zagreb on 9 February. This was, therefore, a group that from the legal standpoint can discuss very authoritatively a subject like "additional capitalization—entry in the registry." On 11 February Vladimir Gusin, president of the High Commercial Court, sent the conclusions from that meeting to all subordinate courts, with instructions to inform all judges and employees at court registries with them, but also the Croatian Constitutional Court, the government, the Ministry of Justice, the Assembly, the Public Legal Defender, the Privatization Fund....

In those conclusions, analyzing the legal provision that allows the Privatization Fund, by its own decision, to increase the principal of an enterprise in the process of transformation by the amount of the additional capitalization accepted, the presidents of the commercial courts also say the following: "This provision of the Law on the Transformation of Socialized Enterprises is in direct violation of the provision in article 49, paragraph 4 of the Croatian Constitution, which says, 'Rights acquired through the investment of capital cannot be reduced by law or any other legal act,' as well as the provision of article 48, paragraph 1, which guarantees ownership rights. By applying the disputed provision of the Law on Transformation, the Croatian Privatization Fund is flagrantly violating the shareholders' rights, since by converting the additional capitalization proposed into additional shares, it is depriving the other shareholders of the right to participate in additional capitalization, and proportionately reducing

the other shareholders' already acquired rights and the amount of their investments."

The consequences are also explained using the example of a firm where small shareholders have acquired 50 percent of the shares and management rights, but when the fund sells the rest of the shares and the buyer accepts additional capitalization, "not following the procedure in the Law on Commercial Companies and the means of additional capitalization regulated by the company's charter, he acquires majority rights, and what happens in practice is that he replaces management bodies, decides on dismissing workers, and so forth."

Illusion of Fresh Money

The presidents of the commercial courts also took the position that the claim that additional capitalization brings "fresh blood," i.e., fresh money, into the economy is unacceptable, and "an illusion for the uninformed," because in the vast majority of cases the funds for additional capitalization come from loans from domestic banks, and thus that represents merely a transfer of existing capital, and not an infusion of new capital. "For the above-mentioned reasons, we are pointing out to the registry courts that any entry of additional capitalization carried out in that manner is unconstitutional and illegal, and we recommend delaying entries in the manner described until these issues are discussed at the proper level."

It was not necessary to wait long for the fund's reaction. It was sent in the form of an extensive letter signed by the fund's president, Ivan Penic, as soon as 25 February, to the same addressees as the positions of the commercial court presidents. The fund, naturally, rejects all the judges' ideas, and there are two key postulates in its arguments. The first is that the purchase of preferred shares (up to DM 20,000), limited to 50 percent of the enterprise's value, is not a collective right of the small shareholders, but rather the personal right of each of them, which remains equally even after additional capitalization. The second one is the postulate that the fund, by accepting additional capitalization, is increasing the enterprise's principal before the completion of the transformation, "when a stock company has not been founded, and thus one cannot consider the criticism about a flagrant violation of the shareholders' rights, since while there is no stock company, while it has not been entered in the court register, there is also no shareholder status; instead, this is a process of transition in accordance with the provisions of the Law on Transformation."

The Fund Strikes Back

In the conclusion of the letter, the fund also recommended to the commercial judges that before uttering bold assertions about unconstitutionality and illegality, they could discuss disputed issues at the level of the competent state authorities, and that they were obligated to apply the law with which they disagreed until the Constitutional Court, possibly, thought differently.

In the end, on 28 February the whole problem reached a meeting of the government, after which the president of the High Commercial Court instructed all the lower courts to resume the blocked entries of enterprises with additional capitalization in the registry, since "in the event of abuse there is the possibility of intervening by deleting those entries."

Thus, this is how things currently stand (entangled and confusing, to say the least) with the case of "additional capitalization—entry in the registry" at the level of the state authorities. And in real life? Even worse, because it has been possible for months now to buy shares from the Privatization Fund and obtain additional capitalization, spending around DM1 million, without any problem. Legally, however, sometimes it is possible to regularize such a transaction by entering its results in the court registry, and sometimes it is not. There have also been situations in which it is possible in some places, but not in others (at the time when the Split Commercial Court was refusing to register the "additionally capitalized" Dairy, the Zagreb courts consistently registered identical cases). The worst thing of all, however, is that the buyer, whether he has registered the additionally capitalized enterprise or not, still has hanging over his head the sword of Damocles of the possibility that his arrangement with the fund (as we have said, so far about 120 of them have been concluded) might be declared unconstitutional. Then, once again, even though he claims complete innocence, he will suffer, because overnight he will lose what he bought.

Small Shareholders Keeping Quiet

It is not difficult to judge how much that kind of "legal security" of privatization here is a "good advertisement" for potential investors to loosen their purse-strings. The Privatization Fund nevertheless seems to be sure of itself: Without any doubt whatsoever in the outcome of constitutional case U-171, it is continuing official announcements of the sale of shares and additional capitalization under the terms in the controversial articles of the Law on Transformation, guaranteeing the buyers ownership rights and court registration. The problem, however, is that the fund, no matter how self-confident it is, cannot give anyone a guarantee of what the Constitutional Court's decision will be, and so its guarantee that the enterprises will be registered is shaky. And the small shareholders? For the time being they are mostly keeping quiet, awaiting the Constitutional Court's verdict. It does not matter whether they are doing so because of a headache from confrontation with the legal labyrinth in which nothing is clear to them anymore, or because everything is clear to them, and so their heads ache from helplessness.

Federal

FRY Ambassador to Croatia Critical of U.S.

BR0305153494 Madrid ABC in Spanish 2 May 94 p 36

[Responses by FRY Ambassador to Croatia Veljko Knezevic to written questions from Ramiro Villapadierna; date not given: "Yugoslavia Has No Territorial Claims—There Has Already Been Too Much War"]

[Text] Veljko Knezevic is Belgrade's first ambassador to Croatia since the war between the two countries in 1991. Serbia still holds 27 percent of Croatian territory. A Serb from Croatian Krajina, Knezevic was in charge of Zagreb television for 10 years, before escaping to Krajina in the fall of 1990 to found the underground Petrova Gora TV station that was before long encouraging the Serbian radicals to go to war.

Since the start of the 1980's, at the time of the great Serbian repression in Kosovo, Veljko Knezevic held a position of strategic importance for the Communist Party at the head of Zagreb TV, despite scarcely having had a primary education—a fact which caused considerable controversy in cultivated Zagreb. He remained at its head until his embarrassing escape to Krajina, eight months before the start of the war. His return as—for the time being, acting—ambassador, has been interpreted in Zagreb as a provocation by [Serbian Prime Minister] Milosevic. Knezevic refused to give ABC an interview for two weeks, finally agreeing to answer our questions in writing.

[Villapadierna] Do you think you will get Croatia to recognize your country?

[Knezevic] My role as ambassador is set out in an interstate agreement. That is my country's plan and it is certain that soon we will arrive at a situation of mutual recognition. However, in the meantime, we have to respect the reality of things: This is not a normal process for Yugoslavia because we are being subjected to violent, drastic, and inhumane international sanctions. In any case, the interests of European powers, the United States, and world powers are involved in such a way that everything has become complicated, and often development depends more on foreign influence than on those who are directly involved, namely Yugoslavia and Croatia. If you add to that Washington's new strategy, with Croat and Muslim Bosnians, it is clear that the path to normalization and recognition will be heavy-going, thorny, and uncertain. However, we are supported by the desire of both governments and peoples to continue with normalization and to resolve everything by political means. There has already been enough talk of war, too much talk.

[Villapadierna] When do you hope to reestablish telephone, road, and rail links between Serbia and Croatia?

[Knezevic] Normalization will be a very long process for objective reasons: There are many issues that have yet to be resolved. The main thing is negotiation and agreement between Croatia and the (self-proclaimed—ABC editor's note) Serbian Republic of Krajina. The first step has already been taken: The cease-fire that has been signed has put a stop to all military conflict and the borders have already been agreed on. Thanks to a very disciplined approach, the highest level of the agreement has been accepted, and that is a very good thing. Second-stage negotiations will begin shortly on telephone, trade, rail, and road links. All of these issues are connected and conditioned by an agreement between Krajina and Croatia. Given that these issues are of very great interest to everyone, we hope that concrete discussions can begin immediately in both sets of negotiations: Croatia-Krajina and Croatia-Yugoslavia. Yugoslavia has no territorial claims on any neighboring country and we will accept any agreement between Krajina and Croatia.

[Villapadierna] Some 7,500 people disappeared in the Croatian war. Has the joint committee made any progress?

[Knezevic] The Yugoslav side has taken its role on this committee very seriously. With great humanitarian respect, it has started to draw up a list of names, although not all the documentation has been completed. Not one shred of information will be ignored. The Yugoslav side will in this area apply all international standards and will accept the contribution of any qualified humanitarian delegation.

[Villapadierna] What is your impression of Zagreb on your return, three years after your publicized escape to Belgrade?

[Knezevic] Well, it is as it always was: Very clean, the people are peaceful and calm, the shop window displays are good and varied, and there is a very well stocked market. In political life there is dialogue between parties on political and economic issues, which is good for the development of democracy and the multipartite system. The government has made a tremendous decision to try and carry through its program for general development, stabilization, and budgetary discipline to control inflation, and to support production and foreign trade. Privatization is making slow progress, there is no way of changing the production system, and the State still owns a lot of capital and property. The standard of living has stabilized, albeit at a modest level. However, the government is very active at the level of international contacts and economic cooperation, and as a result they can soon hope to see a rise in living standards.

Serbia

Authorities Accuse Albanian of Killing Soldiers

AU0405071894 Tirana TVSH Television Network in Albanian 1800 GMT 3 May 94

[Text] The Serbian regime of Belgrade has concocted a story that an Albanian soldier has murdered two Serbian

soldiers at a barracks in the town of Mladinovac. This time, too, the Serbian mass media announced the news in the same way as several years ago when the Serbian authorities in Belgrade concocted a story about the murder of several soldiers at a barracks in Paracin city in Serbia. Even at that time, the killer was an Albanian, the late Aziz Kelmendi.

According to Serbian television in Belgrade and the report by the same television in Prishtina, the murder of Serbian soldiers in Mladinovac was committed by a Shaban Bajrami from Medvegje, a commune situated in eastern Kosova, which, together with the communes of Presheve and Bujanovc, have declared political and territorial autonomy with the possibility of uniting with the republic of Kosova.

According to Serbian television, the murderer Shaban Bajrami allegedly fired on Serbian soldiers with an automatic weapon and is now in hiding.

It is known that young Albanians are refusing to serve in the army of the Serbian aggressor. Even those who are violently pressganged into this army are not given any weapons or ammunition; thus these fabrications of the alleged murder of Serbian soldiers by an Albanian soldier are completely false. Serbia needs such propaganda to hide the truth about the murders of hundreds of Serbian youths in the war in Bosnia. The majority of the Serbian youths are being secretly sent to this front, without even their families being informed .

Kosovo

Arkan Calls For Expulsion of 700,000 Albanians

AU0305195294 Pristina KOSOVA DAILY REPORT Nr. 347 in English 3 May 94

[Unattributed report: "Criminal-Accused Arkan Threatening With Ethnic Cleansing of Kosova"]

[Text] The Serbian gang leader, Zeljko Raznjatovic Arkan, accused of war crimes and atrocities and wanted in 42 countries, in a press conference held Friday [29 April] in Prishtina, capital of the republic of Kosova, said that his "party" will be more present in Kosovo, and that it would be engaged in colonizing Kosova with Serbs. "Those refugees that lost everything they had in Croatia and Bosnia should be settled in Kosova," he said, adding that "this should be carried out with a simultaneous expulsion of some 700,000 Albanians to Albania." He emphasized that "Mr. Rugova should no longer be allowed to live in Serbia, therefore he must be deported to his alternate mother country, Albania."

A new citizenship law underway in the Serbian Parliament, he said, will enable this ethnic cleansing.

Speaking on the deployment of Serbian army forces near the Albanian border and the presence of American troops in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], criminal-accused Arkan said "Serbs are never scared. [Word indistinct] will be cut off."